



FOREIGN ASSETS CONTROL REGULATIONS FOR EXPORTERS AND IMPORTERS

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I. Introduction

The Office of Foreign Assets Control (OFAC) administers a series of laws that impose economic sanctions against hostile targets to further U.S. foreign policy and national security objectives. Economic sanctions are powerful foreign policy tools. Their success requires the active participation and support of U.S. companies. The use of sanctions by the U.S. goes back to the earliest days of the Republic through trade embargoes, blocked assets controls, and other commercial and financial restrictions. Many of them have been multilateralized within the global community against pariah countries, as well as being used against groups, such as narcotics traffickers and terrorists, who threaten the security, economy, and safety of the United States. Management of sanctions on the U.S. side is entrusted to the Secretary of the Treasury.

While OFAC is responsible for promulgating, developing, and administering the sanctions for the Secretary under eight basic statutes, other regulatory agencies, including Export Enforcement in Commerce and the U.S. Customs Service, cooperate in ensuring corporate compliance with the Regulations.

II. OFAC Laws, Embargoed Countries, and Criminal Penalties

A—Trading With the Enemy Act, 50 U.S.C. App. §§ 1-44 (“TWEA”) [North Korea, Cuba, Transaction Control Regulations] provides for ten years imprisonment, a USD1,000,000 fine for corporations, and a \$100,000 fine for individuals, as well as forfeiture of funds or other property involved in violations [In addition, 18 U.S.C. § 3571 provides that organizations or individuals convicted of violating a criminal statute may be fined the greater of the amount specified in the statute, or twice the pecuniary gain or loss from the violation and that individuals may be fined \$250,000 for felonies];

B—International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06 (“IEEPA”) [Libya, Iraq, Serbia & Montenegro and Bosnia, UNITA, Sudan, Iran, Terrorism, Narcotics, and Burma] provides for ten years imprisonment, and a USD50,000 fine for corporations and individuals [In addition, 18 U.S.C. § 3571 provides that organizations or individuals convicted of violating a criminal statute may be fined the greater of the amount specified in the statute, or twice the pecuniary gain or loss from the violation, or \$500,000 for felonies and that individuals may be fined \$250,000 for felonies];

C—Iraqi Sanctions Act, Pub.L. 101-513, 104 Stat. 2047-55 (“ISA”) [Iraq] provides for twelve years imprisonment and a USD1,000,000 corporate or personal fine [In addition, 18 U.S.C. § 3571 provides that organizations or individuals convicted of violating a criminal statute may be fined the greater of the amount specified in the statute, or twice the pecuniary gain or loss from the violation];

D—United Nations Participation Act, 22 U.S.C. § 287c (“UNPA”) [Iraq, Libya (part), UNITA, Serbia & Montenegro and Bosnia] provides for ten years imprisonment, a \$10,000 criminal fine for corporations and individuals, and criminal forfeiture of funds or other property involved in violations [In addition, 18 U.S.C. § 3571 provides that organizations or individuals convicted of violating a criminal statute may be fined the greater of the amount specified in the statute, or twice the pecuniary gain or loss from the violation, or \$500,000 for felonies and that individuals may be fined \$250,000 for felonies];

E—International Security and Development Cooperation Act (“ISDCA”) codified at 22 U.S.C. 2349 aa-9 (Iran) has no criminal pen-

alties, but general Customs and other relevant penalty provisions may apply to particular circumstances;

F—The Cuban Democracy Act (“CDA”), 22 U.S.C. § 6001-10 [relating to Cuba] has the same fines as TWEA above;

G—The Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, 22 U.S.C. 6021-91, [relating to Cuba] has the same fines as TWEA above and codifies the Cuban Assets Control Regulations;

H—The Antiterrorism and Effective Death Penalty Act, (enacting 8 U.S.C. 219, 18 U.S.C. 2332d and 18 U.S.C. 2339b) [Cuba, North Korea, Iran, Iraq, Libya, Syria and Sudan] provides for criminal penalties of \$500,000 per count against corporations, and ten years imprisonment and/or \$250,000 per count for individuals, for willful violations;

I—The Criminal Code at 18 U.S.C. § 1001 provides for five years imprisonment and a USD10,000 criminal fine for knowingly making false statements or falsifying or concealing material facts when dealing with OFAC in connection with matters under its jurisdiction.

III. Civil Penalties

OFAC has authority to impose civil penalties for violations under IEEPA (USD11,000), TWEA (USD55,000), and the Iraqi Sanctions Act (USD275,000), as well as for banking transactions under the Terrorism Act. Each set of regulations contains procedures for Civil Penalties in Sections 701 through 706 of the pertinent regulations. Over the past several years, OFAC has had to impose millions of dollars in civil penalties involving payments and exports. The majority of the fines resulted from illegal transfers referencing targeted countries or SDNs. When it comes to OFAC’s attention that an illicit transaction has occurred, OFAC normally sends an administrative demand for information, called a “602 letter” to the exporter requesting an explanation of the transaction. Upon receipt of a response to this letter, the case may be referred to the Civil Penalties Division, which issues a “Prepenalty Notice” citing the violation and stating the amount of the proposed penalty. The exporter then has thirty days to make a written presentation as to why a penalty should not be imposed, or, if imposed, why it should be in a lesser amount than proposed. It is critical to answer such “Prepenalty Notices” since failure to respond may result in default judgements levying maximum fines. Mitigating factors in Civil Penalty procedures include self-disclosure, the use and sophistication of interdict software, and other compliance initiatives. TWEA Civil Penalty and forfeiture proceedings include the opportunity for an administrative hearing and pre-hearing discovery prior to imposition of a penalty or forfeiture.

IV. Electronic Information

All of OFAC’s program “brochures,” as well as SDN information, are available free in downloadable camera-ready Adobe Acrobat “*.PDF” format over the Treasury Department’s World Wide Web Server. OFAC’s Home Page site is “<http://www.ustreas.gov/treasury/services/fac/fac.html>”. The Page also contains a free self-extracting ASCII file of the SDN list in DOS, delimited, and fixed-field versions, a free Adobe Acrobat Reader® to view and print “*.PDF” files, and a link to GPO ACCESS to download full-text regulations and *Federal Register* notices plus brochures in WordPerfect and ASCII as well as “*.PDF” versions or to browse through OFAC’s extended electronic information

reading room (FAC_MISC). Whenever there is a change in any of the data at the site, the [DATE] changes on the face of the Page; users can structure their Internet connection to use a Web browser to watch for that date change, check a "What's new?" file to get the details about changes, and download OFAC's latest information. Call OFAC Compliance at 202/622-2490 with any questions. OFAC also operates a free automated fax-on-demand service, which can be accessed 24 hours a day, seven days a week, by dialing 202/622-0077 from any touchtone phone and following voice prompts. OFAC documents kept up to date on the system include program and general brochures, listings of Specially Designated Nationals and Blocked Persons, including changes to the listings, licensing guidelines, and *Federal Register* notices (including notices filed, but not yet printed in the *Federal Register*). The "Index of Available Documents" is date-specific. Whenever there is an update to any OFAC regulation, an addition or removal of an SDN, or any other announcement from OFAC which affects exporters, the information is immediately uploaded onto the U.S. Treasury Department's Electronic Library (TEL) on the *FedWorld* bulletin board network. *FedWorld*, a service of the National Technical Information Service, can be reached by dialing 703 321-3339. Its Help and Information Desk is 703 487-4608 and its business office is 703 487-4648. Once access to *FedWorld* has been gained, option "[C]," the Business, Trade, and Labor Mall, should be chosen. Then, "[E]" should be chosen for TEL. OFAC's files are all prefixed with the call letters "T11." Files are available for downloading in camera-ready Adobe/Acrobat "*.PDF" format (for Mac or Windows 3.1) as well as in a self-extracting ASCII "*.EXE" format. Simultaneous uploads are made to the U.S. Department of Commerce *Economic Bulletin Board*. For information on the Commerce EBB and on charges, call 202/482-1986 or dial into 202/482-3870 with a 2400 bps modem, 202/482-2584 with a 9600 baud modem, or 202/482-2167 with a 14,400 bps modem. OFAC material can be found in the GLOBUS (Global Business Opportunities) area of the EBB by choosing "O" and then "D." Commerce also operates a monthly subscription CD-Rom service (the *National Trade Data Bank*) with OFAC data in ASCII format (call 202/482-1986 for information) and a fee-based fax-on-demand service, called *STAT-USA/FAX* (call 202/482-0005 from a fax machine's handset). The free *Federal Bulletin Board* of the U.S. Government Printing Office, which is linked to the *Federal Register* and *Code of Federal Regulations*, carries all OFAC brochures in ASCII, WordPerfect, and Adobe/Acrobat "*.PDF" format, as well as the entire *Code of Federal Regulations* containing OFAC regulations, all *Federal Register* notices that OFAC puts out, and OFAC's extended electronic information reading room (file library FAC_MISC). For information on the *Federal Bulletin Board* call 202/512-1530 or dial 202/512-1387 to connect. The information is also available over the Internet via GPO ACCESS at "fedbbs.access.gpo.gov". The U.S. Maritime Administration operates a free electronic bulletin board, called *Marline-spike*, which can be accessed via modem at 202/366-8505 with voice help at 202/366-9991 (OFAC's brochures and SDN information can be scanned on-line or downloaded for further use). The U.S. Customs Service maintains a free *Customs Electronic Bulletin Board* geared especially toward Customs House Brokers (OFAC's information is available as a date-specific self-extracting DOS file, "OFAC*.EXE" in File Area #15, "Customs Extra," through modem access at 703/440-6155 and voice support at 703/440-6236). Major announcements are also distributed to U.S. financial institutions through Fedwire bulletins and CHIPS system broadcasts, through the Office of the Comptroller of the Currency's fax-on-demand service, called *OCC Information Line* (at 202/479-0141), through the U.S. Council on International Banking's *INTERCOM* Bulletin Board, and through the Bulletin Board of the International Banking Operations Association in Miami, as well as in printed format through the various Federal bank supervisory agencies. An alphabetized listing of Specially Designated Nationals is published periodically in print format in the *Federal Register* as a special appendix to the 500 series of Title 31 of the U.S. *Code of Federal Regulations*. It should be noted that OFAC

has a Miami branch office (909 Southeast First Avenue, Suite 735A) with a special bi-lingual hotline relating to information about the Cuban embargo; that hotline number is 305/536-6769.

V. Terminology

There are a number of key phrases which consistently reappear in Treasury sanctions:

A—Blocking

Also called "freezing," this is a form of controlling assets under U.S. jurisdiction. While title to blocked property remains with the designated country or national, the exercise of the powers and privileges normally associated with ownership is prohibited without authorization from OFAC. Blocking immediately imposes an across-the-board prohibition against transfers or transactions of any kind with regard to the property.

B—Blocked Account

An account with respect to which payments, transfers, withdrawals or other dealings may not be made except as licensed by OFAC or otherwise authorized by the Treasury Department. Debits are prohibited, however, credits are authorized.

C—General License

A regulatory provision authorizing certain transactions without the filing of an application with OFAC. Its terms are listed in the appropriate Regulations. The concept is similar in meaning to that employed by the U.S. Department of Commerce. For questions about general licenses, contact OFAC at 202/622-2520

D—Specific License

A permit issued by OFAC on a case-by-case basis to a specific individual or company allowing an activity that would otherwise be prohibited by the embargo or sanctions program. OFAC specific licenses, which may take the form of a license or a letter, are always issued on U.S. Treasury Department stationary. Applications must be presented in an original letter, signed by the applicant, which has been mailed or otherwise physically delivered to OFAC. Fax applications are strongly discouraged. Each license or letter of authorization bears a control number that can be verified by calling OFAC Licensing at 202/622-2480.

E—Offset

Exercise of the right to net out mutual indebtedness. Offset is a prohibited transfer of frozen assets in situations of blocked property. When foreign assets held by an American company (including a bank) are frozen, the assets and any claims which the American company may have against the foreign owner are kept separate.

F—Property

Anything of value. Examples of property include: money, checks, drafts, debts, obligations, notes, warehouse receipts, bills of sale, evidences of title, negotiable instruments, trade acceptance, contracts, goods, wares, merchandise, chattels, stocks on hand, ships, goods on ships, and anything else real, personal, or mixed, tangible or intangible, "or interest or interests therein, present, future, or contingent." Likewise, "property interest" is defined as any interest whatsoever, direct or indirect.

G—Person Subject to the Jurisdiction of the United States

The universe which must comply with OFAC regulations. It includes American citizens and permanent resident aliens wherever they are located; individuals and entities located in the United States (including all foreign branches, agencies, rep offices, etc.); corporations organized un-

der U.S. law, including foreign branches; and (under TWEA based sanctions) entities owned or controlled by any of the above, the most important being foreign-organized subsidiaries of U.S. corporations.

H—Specially Designated Nationals and Blocked Persons

Individuals and entities which are owned or controlled by, or acting for or on behalf of, the Governments of target countries or are associated with international narcotics trafficking or terrorism. These individuals and entities are listed on the Treasury Department's Specially Designated Nationals and Blocked Persons list so that persons subject to the jurisdiction of the United States will know that they are prohibited from dealing with them and that they must block all property within their possession or control in which these individuals and entities have an interest.

I—Census

Comprehensive statistical survey of blocked assets conducted from time to time by OFAC. Response is mandated by law. The information obtained from the survey is of vital importance to the U.S. Government for foreign policy planning purposes, to assist Treasury in the preservation of blocked assets, and to enhance their value for U.S. claimants, including financial institutions.

VI. Corporate Responsibility by Country

A—CUBA

Cuban Assets Control Regulations (31 C.F.R. Part 515)

The Cuban Assets Control Regulations were issued by the U.S. Government on 8 July 1963 under the Trading With the Enemy Act in response to certain hostile actions by the Cuban government. They are still in force today and affect all U.S. citizens and permanent residents wherever they are located, all people and organizations physically in the United States, and all branches and subsidiaries of U.S. organizations throughout the world. The Regulations are administered by the U.S. Treasury Department's Office of Foreign Assets Control. The basic goal of the sanctions is to isolate Cuba economically and deprive it of U.S. dollars. Criminal penalties for violating the sanctions range up to 10 years in prison, \$1,000,000 in corporate and \$250,000 in individual fines. Civil penalties up to \$55,000 per violation may also be imposed. Please note that the Regulations require those dealing with Cuba to maintain records, and, upon request from the U.S. Treasury Department, to furnish information regarding such dealings.

Please note that, in accordance with an announcement made by President Clinton on March 20, 1998, the Regulations have been amended to authorize U.S. persons to send remittances of up to \$300 for the support of a close relative's household in Cuba in any consecutive three month period. Direct passenger charter flights between the United States and Havana are also being permitted as is the licensing of travel transactions for sales representatives from pharmaceutical and medical companies in connection with permitted sales of health care products to Cuba.

•**SELLING TO CUBA** -Except for publications and other informational materials, and certain humanitarian goods licensed for export by the U.S. Department of Commerce, such as medicine and medical supplies, no products, technology or services may be exported from the United States to Cuba, either directly or through third countries, such as Canada or Mexico. This prohibition includes dealing in or assisting the sale of goods or commodities to or from Cuba, even if done entirely offshore. Such "brokering" is considered to be the export of a service. Provision of

consulting services is also prohibited. Furthermore, no U.S. citizen or permanent resident alien, wherever located, and no foreign subsidiary or branch of a U.S. organization may export products, technology, or services to Cuba, or to any Cuban national wherever they may be located, or "broker" the sale of goods or commodities to or from Cuba or any Cuban national.

Section 1705(b) of the Cuban Democracy Act provides for donations of food to nongovernmental organizations or individuals in Cuba. Shipments of food can be donated to non-governmental organizations from the U.S. or from third countries, without the need for a license from the U.S. government. Under Section 1705(c) of the same act, exports of medicines and medical supplies are allowed, but require a license issued by the U.S. Commerce Department. U.S. banks may handle the financial aspects of licensed transactions, but may not use blocked funds to pay for such shipments. The Act specifically provides that payments to Cuba involving telecommunications may be made pursuant to specific license. In the mid-1970's, Section 515.559 had been added to the Cuban Assets Control Regulations to allow OFAC to license foreign subsidiaries of U.S. firms to conduct trade with Cuba so long as several specific criteria were met. Section 1706(a) of the CDA prohibits the issuance of a license that would have been issued pursuant to § 515.559, except where a contract was entered into prior to enactment of the CDA. Exports of medicines and medical supplies by foreign subsidiaries may be considered for licensing.

No vessel carrying goods or passengers to or from Cuba or carrying goods in which Cuba or a Cuban national has any interest may enter a U.S. port. The prohibition also applies to vessels which enter only to take on fuel and supplies (bunker), whether from U.S. fuel providers within the port limits or at offshore points, as well as vessels discharging or loading merchandise offshore, by lighter or otherwise. In addition, vessels which enter a port or place in Cuba to engage in the trade of goods or services are prohibited from loading or unloading any freight at any place in the U.S. for 180 days.

•**BUYING FROM CUBA** - Goods or services of Cuban origin may not be imported into the United States either directly or through third countries, such as Canada or Mexico. The only exceptions are \$100 worth of Cuban merchandise which may be brought into the United States as accompanied baggage by authorized travelers arriving from Cuba and publications, artwork, or other informational materials.

•**SPECIALLY DESIGNATED NATIONALS** -The Regulations prohibit buying from or selling to Cuban nationals whether they are physically located on the island of Cuba or doing business elsewhere on behalf of Cuba. Individuals or organizations who act on behalf of Cuba anywhere in the world are considered by the U.S. Treasury Department to be "Specially Designated Nationals" of Cuba. Their names are published in the Federal Register, an official publication of the U.S. Government. A listing of such Specially Designated Nationals may be obtained by calling the Office of Foreign Assets Control at 202/622-2490. The listing, however, is a partial one and any U.S. individual or organization engaging in transactions with foreign nationals must take reasonable care to make certain that such foreign nationals are not specially designated. U.S. individuals or organizations who violate the Regulations by transacting business with Specially Designated Nationals of Cuba are subject to criminal prosecution or civil monetary penalties.

•**ACCOUNTS AND ASSETS** -There is a total freeze on Cuban assets, both governmental and private, and on financial dealings with Cuba; all property of Cuba, of Cuban nationals, and of Specially Designated Na-

tionals of Cuba in the possession or control of U.S. persons is “blocked.” Any property in which Cuba has an interest which comes into the United States is automatically blocked by operation of law. Banks receiving unlicensed wire transfer instructions in which there is a Cuban interest, or any instrument in which there is a Cuban interest, must freeze the funds on their own books or block the instrument, regardless of origin or destination. “Suspense accounts” are not permitted. Blocking imposes a complete prohibition against transfers or transactions of any kind. No payments, transfers, withdrawals, or other dealings may take place with regard to blocked property unless authorized by the Treasury Department. Banks are permitted to take normal service charges. Blocked deposits of funds must be interest-bearing. “Set-offs” are not allowed.

U.S. persons are required to exercise extreme caution in order not to knowingly involve themselves in unlicensed transactions in which Cuba has an interest. No bank in the U.S. nor overseas branch or subsidiary of a U.S. bank may even advise a letter of credit involving Cuba nor may it process documents referencing Cuba. All such “property” must be blocked as soon as it comes within the bank’s possession or control. U.S. persons who engage in any commercial dealings that involve unauthorized trade with Cuba, either directly or indirectly, are at risk for substantial monetary penalties and criminal prosecution.

•**SENDING GIFTS** -Gift parcels may be sent or carried by an authorized traveler to an individual, or to a religious, charitable, or educational organization in Cuba for the use of the recipient or of the recipient’s immediate family, subject to the following limitations: the combined total domestic retail value of all the items in the parcel must not exceed \$200 per month; not more than one parcel may be sent or given by the same person in the U.S. to the same recipient in Cuba in any one calendar month; and content must be limited to food, vitamins, seeds, medicines, medical supplies and devices, hospital supplies and equipment, equipment for the handicapped, clothing, personal hygiene items, veterinary medicines and supplies, fishing equipment and supplies, soap-making equipment, or certain radio equipment and batteries for such equipment. Organizations that consolidate and send multiple gift parcels in single shipments must obtain a validated license from the U.S. Department of Commerce. Each gift parcel in the single shipment must meet commodity, dollar-value, and frequency limitations. If a parcel being shipped or carried to Cuba fails to meet these standards, it is subject to seizure by the U.S. Government.

•**TRAVEL TO CUBA** -Only persons whose travel falls into the categories discussed below are authorized to spend money related to travel to Cuba without obtaining special permission from the U.S. Treasury Department. Even then, money may be spent only for purchases of items directly related to travel such as hotel accommodations, meals, local transportation, and goods personally used by the traveler in Cuba at a rate not to exceed \$100 per day and for the purchase of \$100 worth of Cuban merchandise to be brought into the United States as accompanied baggage. Purchases of services unrelated to travel, such as non-emergency medical services, are prohibited. The purchase of publications and other informational material is not restricted.

The following categories of travelers are permitted to spend money for Cuban travel without the need to obtain special permission from the U.S. Treasury Department:

* **Official Government Travelers** - U.S. and foreign government officials, including representatives of international organizations of which the United States is a member, who are traveling on official business.

* **Journalists** regularly employed in such capacity by a news reporting organization.

* Persons who are traveling to visit **close relatives** in Cuba in circumstances of **extreme humanitarian need**. This authorization is valid without a specific license from the Office of Foreign Assets Control only once every twelve months.

Specific licenses may be issued by the Office of Foreign Assets Control on a case by case basis authorizing travel transactions by persons in connection with the following travel categories:

* **Humanitarian Travel** - (1) persons traveling to Cuba more than once in a twelve month period to visit close relatives in cases involving extreme hardship, such as terminal illness or severe medical emergency; (2) persons traveling to Cuba to accompany licensed humanitarian donations (other than gift parcels); or, (3) persons traveling in connection with activities of recognized human rights organizations investigating specific human rights violations.

* Travel in connection with **professional research** or similar activities, for clearly defined **educational** or **religious** activities, or for purposes related to the exportation, importation, or transmission of **information and informational materials, including provision of telecommunications services**.

* Travel transactions for sales representatives from **pharmaceutical and medical** companies in connection with permitted sales of health care products to Cuba.

U.S. travel service providers, such as travel agents and tour operators, who handle travel arrangements to, from, or within Cuba must hold special authorizations from the U.S. Treasury Department to engage in such activities. These authorizations are issued based on written applications from the service providers, subject to appropriate checks by the Treasury Department. A traveler should not use any travel service provider that does not hold valid Treasury authorization. If in doubt about the status of a service provider’s authorization, travelers should call the Office of Foreign Assets Control at 305/530-7177. Only carrier service providers that have been authorized by OFAC may operate direct humanitarian passenger charter flights between Miami and Havana.

Fully hosted or fully sponsored travelers may travel to Cuba without contacting OFAC if the traveler’s Cuba-related expenses are covered by a person not subject to U.S. jurisdiction. Travel to Cuba is not fully hosted or fully sponsored if a person subject to U.S. jurisdiction pays—before, during, or after the travel—any expenses relating to the travel, including travel to Cuba on a Cuban carrier, even if the payment is made to a third-country person or entity that is not subject to U.S. jurisdiction. Examples of costs commonly incurred by travelers to and in Cuba are for meals, lodging, transportation, bunkering of vessels or aircraft, visas, entry or exit fees, and gratuities. In addition, fully hosted travel to and from Cuba cannot be aboard a direct flight between the United States and Cuba. The \$100 worth of Cuban merchandise that licensed travelers to Cuba may bring back to the United States does not apply to fully hosted or fully sponsored travelers.

Any person subject to U.S. jurisdiction determined to have traveled to Cuba without an OFAC general or specific license is presumed to have engaged in prohibited travel-related transactions. In order to overcome this presumption, any traveler who claims to have been fully hosted or fully sponsored or not to have engaged in any travel-related transactions may be asked by Federal enforcement agencies to provide a signed explanatory statement, accompanied by any relevant supporting documentation. Fully hosted travelers are also prohibited from providing any services to Cuba or to Cuban nationals.

• **SENDING MONEY TO CUBA** -U.S. persons aged 18 or older may send cash remittances of up to \$300 for the support of a close relative’s

household in Cuba in any consecutive three month period. No more than \$300 may be sent by a remitter to any one household of a close relative in any consecutive three-month period, regardless of the number of close relatives residing in that household. U.S. persons also may send up to \$1,000 as a one-time immigration remittance to a close relative in Cuba to enable that relative to emigrate from Cuba to the United States. A close relative means a spouse, child, grandchild, parent, grandparent, great-grandparent, uncle, aunt, brother, sister, nephew, niece, first cousin, mother-in-law, father-in-law, daughter-in-law, son-in-law, sister-in-law, brother-in-law, or spouse, widow, or widower of any of those people. Remittances may be transferred through a bank, through an OFAC-licensed remittance forwarder, or carried directly on the person of the close relative or relative's spouse who is engaging in authorized travel to Cuba, as long as the remitter is aged 18 or older, carries no more than \$300 per trip regardless of the number of relatives who are payees in Cuba, and complies with the limitation on providing no more than \$300 per household in any consecutive three month period. Service providers, including banks originating transfers on behalf of non-aggregating customers, must obtain an affidavit from the remitter certifying that a remittance for family support does not exceed \$300 in any consecutive three month period and that a remittance for immigration is sent only if the Cuban immigrant has a valid U.S. Visa or travel authorization issued by the U.S. Interests Section in Havana (see TD F 90-22.52 on last page of brochure). Family remitters can expect to have their identity, date of birth, address, and telephone number verified. Immigration remittance affidavits must contain the full name (including mother's maiden name), date of birth, and number and date of issuance of the Visa or travel authorization of the Cuban traveler. All other remittances require a specific OFAC license.

• **FAIR BUSINESS PRACTICES** -Anyone authorized by the U.S. Department of the Treasury to provide Cuban travel services or services in connection with sending money to Cuba is prohibited from participating in discriminatory practices of the Cuban government against individuals or particular classes of travelers. The assessment of consular fees by the Cuban government, which are applicable worldwide, is not considered to be a discriminatory practice. However, requiring the purchase of services not desired by the traveler is not permitted. Persons wishing to provide information on such activities should call 202/622-2430. All information regarding arbitrary fees, payments for unauthorized purposes, or other possible violations furnished to the U.S. Treasury Department will be handled confidentially.

• **ESTATES AND SAFE DEPOSIT BOXES** -An estate becomes blocked whenever a Cuban national is an heir or is the deceased; money from a life insurance policy is blocked whenever the deceased is a Cuban resident. It is now possible for the heir of a person who died in Cuba, or the beneficiary of a life insurance policy of a person who died in Cuba, to apply for a license from the U.S. Treasury Department to unblock the estate or insurance proceeds. Persons administering or interested in a blocked estate should contact the Department's Office of Foreign Assets Control at 202/622-2480 for more information. A safe-deposit box is blocked whenever a Cuban has an interest in the property contained in the box. Access to a blocked safe deposit box for inventory purposes may be granted under certain conditions, but the contents of the box remain blocked and may not be removed without the permission of the U.S. Treasury Department.

• **PAYMENTS FOR OVERFLIGHTS** -Private and commercial aviators must obtain a specific license authorizing payments for overflight charges to Cuba. Banks will ask to see the originals of such licenses before executing transfers and keep a copy for their files. Such transfers must be in a currency other than U.S. dollars.

B—NORTH KOREA

Foreign Assets Control Regulations (31 C.F.R. Part 500)

The Foreign Assets Control Regulations, authorized under the Trading with the Enemy Act, established economic sanctions against the Democratic People's Republic of Korea ("North Korea") in 1950. Although recently modified as a result of commitments made to begin normalization of relations, the Regulations are still in force and affect all U.S. citizens and permanent residents wherever they are located, all people and organizations physically in the United States, and all branches, subsidiaries and controlled affiliates of U.S. organizations throughout the world. They are administered by the U.S. Treasury Department's Office of Foreign Assets Control. Penalties for violating the sanctions range up to 10 years in prison, \$1,000,000 in corporate fines, and \$250,000 in individual fines.

• **SELLING TO NORTH KOREA** - Except for information and informational materials, such as books, magazines, films, compact disks, CD ROMs, artworks, news wire feeds and recordings, U.S. products, technology or services generally may not be exported to North Korea, either directly or through third countries, unless licensed by the Bureau of Export Administration of the U.S. Department of Commerce. This prohibition includes dealing in or assisting the sale of goods or commodities to or from North Korea, since such brokering is considered to be the export of a service. Exports of commercially-supplied goods to meet basic human needs may be authorized under individual validated licenses by the U.S. Commerce Department on a case-by-case basis. Licenses are also granted to U.S. persons by the U.S. Treasury Department to enable them to participate in transactions that further North Korea's transition to light-water reactor ("LWR") power plants. Such projects include LWR power plant design, site preparation, excavation, delivery of essential nonnuclear components (including turbines and generators), building construction, the disposition of spent nuclear fuel and the provision of heavy oil for heating and electricity generation pending completion of the first LWR unit. For information regarding licensing criteria, please contact the Licensing Division of the Office of Foreign Assets Control at 202/622-2480.

• **BUYING FROM NORTH KOREA** - Goods or services of North Korean origin generally may not be imported into the United States either directly or through third countries, without authorization from the Office of Foreign Assets Control. The only exceptions are non-commercial quantities of North Korean merchandise up to \$100 in value, which may be brought into the United States for strictly personal use as accompanied baggage by a person traveling to North Korea and informational materials, which may be imported without limitation. Receipts should be kept to document any goods purchased in North Korea and those receipts should be made available to U.S. Customs when entry is made into the United States. Specific licenses may be issued by the Office of Foreign Assets Control to allow the importation into the United States of North Korean-origin Magnesite or magnesia. For further information regarding licensing criteria, please contact the Licensing Division of the Office of Foreign Assets Control at 202/622-2480.

• **SPECIALLY DESIGNATED NATIONALS** - The Regulations prohibit buying from or selling to North Korean nationals whether they are physically located in North Korea or doing business elsewhere. Individuals or organizations who act for or on behalf of North Korea anywhere in the world are considered by the U.S. Treasury Department to be "Specially Designated Nationals" of North Korea. Their names are published in the Federal Register, an official publication of the U.S. Government. A listing of such Specially Designated Nationals may be obtained by calling the Office of Foreign Assets Control at 202/622-2420. The listing, how-

ever, is a partial one and any U.S. individual or organization engaging in transactions with foreign nationals must take reasonable care to make certain that such foreign nationals are not acting for or on behalf of North Korea. Specially Designated Nationals of North Korea operating in the United States are subject to criminal prosecution and U.S. individuals or organizations who violate the Regulations by transacting business with them are also subject to criminal prosecution.

• **SENDING GIFTS** - Gift parcels may only be shipped or carried to an individual, or to a religious, charitable, or educational organization in North Korea for the use of the recipient or of the recipient's immediate family, subject to the following limitations: the combined total domestic retail value of all the items in the parcel must not exceed \$400; not more than one parcel may be sent or given by the same person in the U.S. to the same recipient in North Korea in any month; and only items normally sent as gifts, such as food, clothing, toilet articles, or medicine, may be included in the gift parcel. Gold coins and gold bullion are not eligible for gift parcel treatment. Organizations that consolidate and send multiple gift parcels in single shipments must obtain a validated license from the U.S. Department of Commerce. Each gift parcel must meet commodity, dollar-value, and frequency limitations. If a parcel being shipped or carried to North Korea fails to meet these standards, the parcel, and any parcel in a consolidated shipment with it, are subject to seizure by the U.S. Government.

• **TRAVELING TO NORTH KOREA** - U.S. passports are valid for travel to North Korea and individuals do not need U.S. Government permission to travel there. All transactions ordinarily incident to travel to, from and within North Korea and to maintenance within North Korea are authorized. U.S. travel service providers are authorized to organize group travel to North Korea, including transactions with North Korean carriers. However, individuals may only spend money in North Korea to purchase items related to travel, such as hotel accommodations, meals, and goods for personal consumption by the traveler in North Korea. There is no longer any per diem restriction on these expenses, and the use of credit cards for these transactions is also authorized. A traveler returning from North Korea may bring back into the United States as accompanied baggage \$100 worth of merchandise in non-commercial quantities, as well as informational materials without limitation. Because the sanctions program prohibits business dealings with North Korea unless licensed by the U.S. Treasury Department, purchases of other goods or services unrelated to travel are prohibited. At the present time, individuals who wish to travel to North Korea must obtain North Korean entry visas in third countries. Travelers should consult the U.S. State Department for any special travel advisories.

• **ACCOUNTS AND ASSETS** - As a general rule, no U.S. person may have any dealings in North Korean assets, either governmental or private; nor may they have any financial dealings with North Korea, except for financial transactions incident to authorized activities, such as travel-related transactions and licensed trade. All property of North Korea, of North Korean nationals, and of Specially Designated Nationals of North Korea controlled by or in the possession of persons subject to U.S. jurisdiction is "blocked."

U.S. financial institutions may now rely on originators or beneficiaries of funds transfers with regard to compliance with the sanctions against North Korea and are authorized by general license to process the post-February 14, 1995 transfer of funds in which North Korea or a national thereof has an interest. Persons subject to U.S. jurisdiction who are originators or ultimate beneficiaries of such funds transfers, however, including U.S. banking institutions that are themselves originators or

beneficiaries, may not initiate or receive such transfers if the underlying transactions to which they relate are prohibited.

Specific licenses may be issued on a case-by-case basis to authorize the unblocking of funds that were blocked by financial institutions pursuant to this part because of an interest of North Korea or a national thereof, that came into the financial institution's possession or control by wire transfer or check remittance prior to the effective date of the general license authorizing such activity. Such licenses will only authorize the return of funds to remitting parties, provided that no funds are released to the Government of North Korea, to any entity controlled by the Government of North Korea, to any person located in or controlled from North Korea, or to any entity organized under the laws of North Korea.

• **ESTATES AND INSURANCE POLICIES** - An estate is blocked whenever a North Korean resident is an heir or is the deceased; money from a life insurance policy is blocked whenever the deceased or the beneficiary is a North Korean resident. It is possible for the heir of a person who died in North Korea, or the beneficiary of a life insurance policy of a person who died in North Korea, to apply for a license from the U.S. Treasury Department to unblock the estate or the insurance proceeds, provided the heir or beneficiary is not a North Korean national. Persons administering or interested in blocked estates or life insurance proceeds should contact the Licensing Division of the Office of Foreign Assets Control at 202/622-2480 to obtain further information concerning procedures for requesting a Treasury license.

• **DONATIONS OF FUNDS AND GOODS TO MEET BASIC HUMAN NEEDS** - Donations of funds for the purpose of contributing to the provision of humanitarian assistance to victims of natural disasters in North Korea are authorized, provided that such donations may only be made through the United Nations, related UN programs and specialized agencies, the American Red Cross, and the International Committee of the Red Cross. Transactions incident to the donation to North Korea from third countries of goods to meet basic human needs are also authorized.

• **OVERFLIGHT PAYMENTS** - Effective April 7, 1997, a general license has been issued authorizing payments to North Korea for services rendered by the Government of North Korea in connection with overflights of North Korea or emergency landings in North Korea by aircraft registered in the United States or owned or controlled by persons subject to the jurisdiction of the United States. The publication date in the *Federal Register* is April 10, 1997.

• **CENSUS OF CLAIMS** - The Regulations were amended on December 9, 1997 to require the reporting, no later than March 9, 1998, of all outstanding claims held by U.S. nationals against the Government of North Korea or any North Korean government entity. Observance of the filing deadline is extremely important. Failure to file a complete report with respect to claims in a timely fashion constitutes not only a failure to comply with the Regulations, but may also prevent the inclusion of the information in U.S. Government planning and may be prejudicial to the interest of the claimant and other U.S. Claimants.

C—LIBYA

Libyan Sanctions Regulations (31 C.F.R. Part 550)

• **INTRODUCTION** - The Libyan Sanctions Regulations, authorized under the International Emergency Economic Powers Act and the International Security and Development Cooperation Act of 1985, established economic sanctions against Libya in January 1986. Citing terrorist attacks against the Rome and Vienna airports in December 1985, former President Reagan emphasized that he had authorized the sanctions in response to Libya's repeated use and support of terrorism against the United States, other countries, and innocent persons. The Regulations are still in force and affect all U.S. citizens and permanent residents wherever they are located, all people and organizations physically in the United States, and all branches of U.S. organizations throughout the world. They are administered by the U.S. Treasury Department's Office of Foreign Assets Control.

Criminal penalties for violating the sanctions range up to 10 years in prison, \$500,000 in corporate and \$250,000 in individual fines. In addition, civil penalties of up to \$10,000 per violation may be imposed administratively.

• **SELLING TO LIBYA** - Except for informational materials, such as books, magazines, films, and recordings and donated articles such as food, clothing, medicine, and medical supplies intended to relieve human suffering, no goods, technology, or services may be exported from the United States to Libya, either directly or through third countries. No U.S. bank or foreign branch of a U.S. bank may finance, or arrange offshore financing for, third-country trade transactions where Libya is known to have an interest in the trade as its ultimate beneficiary. The U.S. Treasury Department takes the view that arranging transactions which ultimately benefit Libya (for example, brokering third-country sales of Libyan crude oil or transportation for Libyan cargo) constitutes an exportation of brokerage services to Libya and a dealing in Libyan governmental property in violation of the Regulations. Exporters should be careful, for example, not to become involved in transactions relating to shipments to or from South Korea involving ultimate delivery of merchandise to the Great Man-Made River Project in Libya. The only areas of trade that may involve Libya and still be permissible are: (1) the sale of parts and components to third countries, where the U.S. goods will be "substantially transformed" into new and different articles of commerce prior to shipment to Libya, and (2) the sale of goods which come to rest in the inventory of a third-country distributor whose sales are not predominantly to Libya. Even the first of those exceptions is not available if the finished product of the third country is destined for use in any aspect of the Libyan petroleum or petrochemical industries.

• **BUYING FROM LIBYA** - Goods or services of Libyan origin may not be imported into the United States either directly or through third countries. There are two exceptions: (1) Libyan merchandise up to \$100 in value in non-commercial quantities may be brought into the United States either for strictly personal use as accompanied baggage by an authorized traveler or sent as a gift to a person in the United States and (2) qualifying informational material may be imported without restriction.

• **SPECIALLY DESIGNATED NATIONALS** - Individuals or organizations who act on behalf of the government of Libya anywhere in the world are considered by the U.S. Treasury Department to be "Specially Designated Nationals" of Libya. Their names are published in the Federal Register, an official publication of the U.S. Government. A listing of such Specially Designated Nationals may be obtained by calling the Office of

Foreign Assets Control at 202/622-2420. The listing, however, is a partial one and any U.S. individual or organization engaging in transactions with foreign nationals must take reasonable care to make certain that such foreign nationals are not acting on behalf of Libya. The list includes certain banks domiciled in Europe and Africa as well as the names of individuals who are officers and directors of substantial international corporations. Exporters would do well to be sure that third country purchasers from whom they look to get paid are not arranging payment or financing through a bank which has been designated as Libyan. U.S. individuals or organizations who violate the Regulations by transacting business with Specially Designated Nationals of Libya may be subject to civil or criminal prosecution.

• **FINANCIAL DEALINGS WITH LIBYA** - On January 8, 1986, the President blocked all Government of Libya assets in the United States or in the possession or control of U.S. persons anywhere in the world. This action prohibits all transfers of Libyan governmental assets without a specific license from the Office of Foreign Assets Control. All contracts, loans, and financial dealings with Libya are prohibited. The freeze covers all properties of the Libyan Government, and of entities owned or controlled by it, including all Libyan-organized and Libyan-owned or controlled banks (all banks in Libya are considered Government-controlled) and includes deposits held in banks in the United States and in U.S. banks' overseas branches. The prohibition against any transfer of property or interest in the property of Libya includes property that is now or in the future is located in the United States or is in or comes into the possession or control of U.S. persons. Any unlicensed funds transfer involving a direct or indirect interest of the Government of Libya (including any transfer routed through or to Libyan banks which are all considered Specially Designated Nationals of Libya), for which banks subject to U.S. jurisdiction receive instructions, must be deposited into a blocked account on the books of the bank receiving the instructions. No unlicensed debits may be made to blocked Libyan accounts to pay obligations of U.S. or other persons, whether the obligations arose before or after the sanctions against Libya were imposed. Even payments from blocked accounts for goods, services, or technology exported prior to the sanctions program are prohibited.

• **CONTRACTS BENEFITING LIBYA** - No U.S. person may perform any contract in support of an industrial or other commercial or governmental project in Libya. The prohibition includes sales or service agreements with non-Libyan persons located anywhere in the world, if it is known that Libya or a Libyan project will benefit from the transaction.

• **TRANSACTIONS INVOLVING U.S. SUBSIDIARIES** - Independent transactions with Libya by foreign subsidiaries of U.S. firms are permitted if no U.S. person or permanent resident has a role. It should be emphasized that the facilitating actions of the U.S. parent, or of U.S. citizens (wherever resident) who manage or work for the subsidiary, are fully subject to the prohibitions of the Regulations and the sale of U.S. origin goods by such subsidiaries are probably subject to Commerce Department BXA controls.

• **STANDBY LETTERS OF CREDIT** - A number of companies were required to open bid, performance, advance payment, or warranty bonds in the form of standby letters of credit to do business with Libya before the Libyan sanctions were imposed. Special procedures have been established with regard to payment demands under standby letters of credit in favor of Libya. Banks must "give prompt notice" to the party who opened the letter of credit (the account party) when there is an attempted drawing. The account party then has five days to apply to the Office of Foreign Assets Control for a specific license to prevent "payment" of the letter of

credit into a blocked account. A bank may not make any payment, even into a blocked account, on behalf of a Libyan beneficiary unless the account party fails to secure a Treasury license within 10 business days of notification from the bank. If the account party receives a license from the Treasury Department, the original of the license should be presented to the bank and a special blocked reserve account must be established on the account party's corporate books to reflect its outstanding obligation to Libya in lieu of the bank "paying" the letter of credit. The account party must certify to the Treasury Department that it has established the blocked reserve account. Neither the bank nor the account party are relieved from giving any notice of defense against payment or reimbursement that is required by applicable law. Moreover, the issuing bank must continue to maintain the letter of credit as a contingent liability on its own books, despite any reserve account established by the account party and, in the event the embargo is lifted, both the bank and the account party will be expected to negotiate concerning their outstanding obligation.

• **TRAVEL TO LIBYA** - All transportation-related transactions involving Libya by U.S. persons are prohibited, including the sale in the United States of any transportation by air which includes any stop in Libya. All travel-related transactions are prohibited for U.S. citizens or residents with regard to Libya, except for (1) travel by close family members of Libyan nationals when the U.S. citizen or resident has registered with Treasury's Office of Foreign Assets Control or with the Embassy of Belgium in Tripoli, or (2) travel by journalists regularly employed in such capacity by a newsgathering organization.

D—IRAQ

Iraqi Sanctions Regulations (31 C.F.R. Part 575)

• **INTRODUCTION** - On August 2, 1990, upon Iraq's invasion of Kuwait, former President Bush issued Executive Order No. 12722 declaring a national emergency with respect to Iraq. The order, issued under the authority of the International Emergency Economic Powers Act (50 U.S.C. 1701), the National Emergencies Act (50 U.S.C. 1601), and section 301 of title 3 of the U.S. Code, imposed economic sanctions, including a complete trade embargo, against Iraq. In keeping with United Nations Security Council Resolution 661 of August 6, 1990 and the United Nations Participation Act (22 U.S.C. 287c), the President also issued Executive Order 12724 on August 9, 1990, which imposed additional restrictions. Similar sanctions were imposed on Kuwait to ensure that no benefit from the United States flowed to the Government of Iraq in military-occupied Kuwait. The Iraqi Sanctions Regulations implement Executive Orders No. 12722 and 12724. They were issued and are administered by the Treasury Department's Office of Foreign Assets Control (OFAC). Criminal penalties for violating the Iraqi Sanctions Regulations range up to 12 years in jail and \$1,000,000 in fines. In addition, civil penalties of up to \$250,000 per violation may be imposed administratively.

• **ASSETS BLOCKED** - Effective August 2, 1990, the President blocked all property and interests in property of the Government of Iraq, its agencies, instrumentalities, and controlled entities, in the United States or within the possession or control of U.S. persons. Persons and organizations determined by the Secretary of the Treasury to fall within any of those categories are subject to treatment as if they were the government of Iraq itself. This enables Treasury to designate Iraqi "front" organizations that may be operating in third countries as "Specially Designated Nationals of Iraq," thus subjecting them to the Iraqi sanctions. Setoffs against blocked accounts are prohibited.

The following activities are prohibited, unless licensed by the Office of Foreign Assets Control:

• **SELLING TO IRAQ** - Goods, technology or services cannot be exported from the United States, or, if subject to U.S. jurisdiction, exported or reexported from a third country, to Iraq (notwithstanding authorization from another government agency) with the exception of OFAC-licensed food, medical supplies intended to relieve human suffering and certain other humanitarian goods. In no circumstances has the use of blocked funds been authorized for humanitarian sales. Any activity that promotes or is intended to promote a prohibited exportation or reexportation, or the transshipment of goods, services, or technology subject to U.S. jurisdiction through a third country, is also prohibited.

An exporter who shipped merchandise to Iraq prior to August 2, 1990 and who is the beneficiary of a letter of credit, issued or confirmed by a U.S. bank, or a letter of credit involving a reimbursement confirmed by a U.S. bank may apply to OFAC for a specific license authorizing payment under the letter of credit. A specific license authorizing payment under such a letter of credit will only be issued for a delivery to Iraq which occurred after August 2 if the exporter made a good faith effort to divert the delivery.

• **BUYING FROM IRAQ** - Except as provided for under UNSC Resolution 986 (see below), goods or services cannot be imported into the United States either directly or through third countries. Any activity that promotes or is intended to promote such importation is prohibited.

• **OFFSHORE TRANSACTIONS** - Generally, U.S. persons are prohibited from dealing in Iraqi-origin goods or in any other goods exported from Iraq to any country after August 6, 1990. U.S. persons are also prohibited from dealing in property intended for exportation to Iraq from any country.

Performance of contracts in support of industrial, commercial, public utility or governmental projects in Iraq is also generally prohibited. Provisions prohibiting performance are very broadly construed to prohibit any financial, sales, or service contract that will have an impact on projects in Iraq. U.S. persons may not, for example, provide financing or consulting services to a third-country company, where those services would inure to the benefit of a project in Iraq. Banks need to be very careful that their foreign corporate accounts are not used in connection with Iraqi projects or commercial activities.

While foreign subsidiaries of U.S. firms are not subject to the Regulations, U.S. parent corporations and all U.S. citizens or residents, wherever located, are strictly prohibited from approving or providing financial assistance, advice, consulting services, goods, or any other support to subsidiaries in connection with Iraqi projects.

• **UNSC RESOLUTION 986** - On April 14, 1995, the United Nations Security Council adopted Resolution 986 ("UNSCR 986") which, subject to certain conditions, established a program to allow the Government of Iraq a six month window in which to sell \$2 billion of petroleum and petroleum products, the proceeds of which would be used to purchase humanitarian supplies. Proceeds are to be deposited into a special account at Banque Nationale de Paris' New York branch which will be used to fund the purchases. The Secretary General of the United Nations has now announced the implementation of the program and the Regulations have been amended accordingly.

U.S. persons are authorized to enter into executory contracts with the Government of Iraq relating to the following authorized transactions: the purchase and exportation from Iraq of Iraqi-origin petroleum and petroleum products; the trading, importation, exportation or other dealings in or related to Iraqi-origin petroleum and petroleum products outside Iraq; the sale and exportation to Iraq of parts and equipment that are essential for the safe operation of the Kirkuk-Yumurtalik pipeline system in Iraq; and the sale and exportation to Iraq of medicines, health supplies, foodstuffs, and materials and supplies for essential civilian needs.

All executory contracts must meet the following requirements: the executory contracts and all other related contracts must be consistent with the requirements of UNSCR 986, any other applicable UNSC Resolutions, memoranda, and any further guidance issued by the 661 Sanctions Committee and executory contracts involving any transactions subject to license application requirements by another Federal agency must be contingent upon prior authorization of such agency. Actual performance under any executory contract requires the issuance of a separate specific license by OFAC (see below). The authorization for executory contracts by U.S. persons includes contracts with third parties incidental to permissible executory contracts with the Government of Iraq.

Section 575.523 of the Regulations now provides a statement of licensing policy for U.S. persons seeking to purchase petroleum and petroleum products from the Government of Iraq or Iraq's State Oil Marketing Organization ("SOMO") pursuant to UNSCR 986. A specific license must be issued by OFAC to authorize a licensee to deal directly with the United Nations 661 Committee or its designee (the "overseers") appointed by the UN Secretary-General. Applications for specific licenses from OFAC must include the following information: (1) applicant's full legal name; (2) applicant's mailing and street addresses; (3) name of the individual(s) responsible for the license application and related commercial transactions and the individual's telephone and facsimile numbers; (4) if the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business; (5) a written certification that the applicant has entered into an executory contract for the purchase of Iraqi-origin petroleum or petroleum products with the Government of Iraq, that the contract accords with normal arms-length commercial practice, and that the applicant is familiar with the Regulations, particularly Sections 575.601 and 575.602, and will make its executory contract and other documents related to the purchase of Iraqi-origin petroleum or petroleum products available to OFAC; and (6) a written certification that the applicant understands that issuance of a license does not authorize a licensee to provide goods, services, or compensation of any kind to the Government of Iraq other than that specifically provided in contracts entered into by the applicant and the Government of Iraq and submitted to and approved by the UN 661 Committee or its designee. Following the issuance of a specific license OFAC will coordinate with the U.S. State Department the provision of a list of licensed "national oil purchasers" to the UN 661 Committee. OFAC licensees whose contracts are ultimately approved by UN overseers will be permitted to perform those contracts in accordance with their terms. Section 575.526 of the Regulations provides a general license for dealing in, and importation into the United States of, Iraqi-origin petroleum and petroleum products, the purchase and exportation of which have been authorized in accordance with UNSCR 986.

Section 575.524 of the Regulations provides a statement of licensing policy for the exportation to Iraq of pipeline parts and equipment necessary for the safe operation of the Iraqi portion of the Kirkuk-Yumurtalik pipeline system. Applications for such specific licenses must be made to OFAC in advance of the proposed sale and exportation and provide the following information: (1) identification of the applicant, including full legal name, mailing and street addresses, the name of the individual(s) responsible for the application and related commercial transactions and the

individual's telephone and facsimile numbers, and, if the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business; (2) the name and address of all parties involved in the transactions and their role, including financial institutions and any Iraqi broker, purchasing agent, or other participant in the purchase of the pipeline parts or equipment; (3) the nature, quantity, value and intended use of the pipeline parts and equipment; (4) the intended point(s) of entry into Iraq, proposed dates of entry and delivery, and the final destination in Iraq of the pipeline parts and equipment; (5) a copy of the concluded contract with the Government of Iraq and other relevant documentation, all of which must comply with the provisions of UNSC Resolution 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee; and (6) a statement that the applicant is familiar with the requirements of the above-referenced documents, particularly Memorandum of Understanding paragraph 24 and Guidelines paragraphs 35 and 45, and will conform the letter of credit and related financing documents to their terms.

Section 575.525 of the Regulations provides a statement of licensing policy for the sale of humanitarian items to Iraq. Applications for specific licenses must be made to OFAC in advance of the proposed sale and exportation and provide the following information: (1) identification of the applicant, including full legal name, mailing and street addresses, the name of the individual(s) responsible for the application and related commercial transactions and the individual's telephone and facsimile numbers, and, if the applicant is a business entity, the state or jurisdiction of incorporation and principal place of business; (2) the name and address of all parties involved in the transactions and their role, including financial institutions and any Iraqi broker, purchasing agent, or other participant in the purchase of the humanitarian aid; (3) the nature, quantity, value and the intended use of the humanitarian aid; (4) the intended point(s) of entry into Iraq, proposed dates of entry and delivery, and the final destination in Iraq of the humanitarian aid; (5) a copy of the concluded contract with the Government of Iraq or the United Nations Inter-Agency Humanitarian Programme and other relevant documentation, all of which must comply with the provisions of UNSCR 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee; and (6) a statement that the applicant is familiar with the requirements of UNSCR 986, other applicable Security Council resolutions, the Memorandum of Understanding, and applicable guidance issued by the 661 Committee, particularly Memorandum of Understanding paragraph 24 and Guidelines paragraphs 35 and 45, and will conform the letter of credit and related financing documents to their terms.

Transactions related to travel to Iraq or activities within Iraq by U.S. persons are not authorized by the Regulations nor are debits to blocked accounts or direct financial transactions with the Government of Iraq. U.S. persons may, however, enlist and pay the expenses of non-U.S. nationals to travel to Iraq on their behalf for the purpose of assisting in obtaining an executory contract under UNSCR 986. Banking transfers into Iraq to persons in Iraq continue to be prohibited by Section 575.210 of the Regulations.

• **TRAVEL** - All transportation-related transactions and services, or the use by U.S. persons of vessels or aircraft registered in Iraq, are prohibited. All travel-related transactions by U.S. persons are also prohibited, with narrow exceptions related to journalistic activity, official U.S. Government or United Nations business, reimbursement for the UNSCR 986 activities referenced above, or one's own departure from Iraq.

• **FINANCIAL** - All transfers of funds by U.S. persons to the Government of Iraq or to persons or entities in Iraq are prohibited, as are all com-

mitments or transfers of credit, financial transactions, or contracts. Banks may not execute transfer instructions involving sending money to persons in Iraq, except as licensed, and must block any funds coming into their possession in which there is an interest of the Government of Iraq, including Specially Designated Nationals of Iraq or Iraqi financial institutions located anywhere in the world. "Suspense accounts" are not permitted. If banks receive instructions to transfer funds involving an interest of the Government of Iraq, they must block them on their own books.

Among other items, the Regulations provide the following guidance:

• **STANDBY LETTERS OF CREDIT** - A number of companies were required to open bid, performance, or warranty bonds in the form of standby letters of credit to do business in or with Iraq before the Iraqi invasion of Kuwait. Special procedures have been established with regard to payment demands under standby letters of credit in favor of Iraq. Banks must "give prompt notice" to the party who opened the letter of credit (the account party) when there is an attempted drawing. The account party then has five days to apply to the Office of Foreign Assets Control for a specific license to prevent "payment" of the letter of credit into a blocked account. A bank may not make any payment, even into a blocked account, on behalf of an Iraqi beneficiary unless the account party fails to secure a Treasury Department license within 10 business days of notification from the bank. If the account party receives a license from the Treasury Department, the original of the license should be presented to the bank and a special blocked reserve account must be established on the account party's corporate ledger to reflect its outstanding obligation to Iraq in lieu of the bank "paying" the letter of credit. The account party must certify to the Treasury Department that it has established the blocked reserve account. Nothing in this procedure precludes the account party or any other person from at any time contesting the legality of the demand from the beneficiary or raising any other legal defense to payment. Moreover, the issuing bank must continue to maintain the letter of credit as a contingent liability on its own books, despite any reserve account established by the account party. The obligations of the various parties under the letter of credit remain in effect as long as the Iraqi assets are blocked. They may be re-evaluated and renegotiated to the extent permitted by law once the assets have been unblocked.

• **SPECIAL REPORTS** - All parties engaging in transactions involving Iraq must keep accurate and comprehensive records. The Office of Foreign Assets Control may require reports on such activities at any time. The Treasury Department has required the filing of special census data on claims by U.S. nationals against Iraq (TDF 90-22.41) and on blocked Iraqi government property (TDF 90-22.40).

E—YUGOSLAVIA

Federal Republic of Yugoslavia (Serbia and Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations (31 C.F.R. Part 585)

• **BACKGROUND** - The U.S. sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) ["FRY S&M"] date back to May 30, 1992, when then President Bush issued an Executive Order freezing the assets of the Governments of Serbia and Montenegro and assets held in the name of the former Government of the Socialist Federal Republic of Yugoslavia or the recently constituted Federal Republic of Yugoslavia. On June 5, 1992, the sanctions were expanded to prohibit trade and

other transactions with the FRY S&M. On April 26, 1993, blocking provisions were added to encompass FRY S&M companies. On October 25, 1994, additional measures were taken to target Bosnian Serb-controlled areas of the Republic of Bosnia and Herzegovina ["SRBH"] with trade, transaction and blocking provisions commensurate with those imposed against the FRY S&M.

• **SUSPENSION** - On January 16, 1996, pursuant to Presidential Determination (No. 96-7 of December 27, 1995), the Treasury Department suspended prospectively sanctions against the FRY S&M. Sanctions against the Bosnian Serbs were to remain in full force until all Bosnian Serb forces withdrew behind the zones of separation established in the General Framework Agreement for Peace in Bosnia and Herzegovina. On May 10, 1996, in light of a report transmitted to the United Nations Security Council on February 26, 1996, confirming that the Bosnian Serbs had complied with the terms of the peace agreement, U.S. sanctions were also suspended against the SRBH. Prospective trade and financial transactions involving both the FRY S&M and the SRBH are now permitted. Except as authorized by the Office of Foreign Assets Control, FRY S&M and SRBH assets blocked prior to suspension will remain blocked until provisions are made to address claims or encumbrances, including the claims of successor states of the former Yugoslavia.

• **FRY S&M ASSETS REMAIN BLOCKED** - Except as authorized by General License, all property and property interests (including inventory, contracts, accounts payable and receivable, deposit accounts and funds transfers) of all of the following previously blocked persons in the possession or control of U.S. persons (including their overseas branches) as of December 26, 1995 remain blocked:

- * (a) the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), which means the government of the newly-constituted Federal Republic of Yugoslavia, the Government of Serbia, and the Government of Montenegro, including any subdivisions thereof or local governments therein, their respective agencies, instrumentalities and controlled entities;
- * (b) the former Government of the Socialist Federal Republic of Yugoslavia;
- * (c) any entity, including any commercial, industrial, or public utility undertaking, organized or located in the FRY S&M;
- * (d) any entity (wherever organized or located) owned or controlled by (c) or by any individual in, or resident in the FRY S&M; and
- * (e) any persons acting for or on behalf of any of the above.

• **SRBH ASSETS REMAIN BLOCKED** - All property and property interests (including inventory, contracts, accounts payable and receivable, deposit accounts and funds transfers) of all of the following previously blocked persons in the possession or control of U.S. persons (including their overseas branches) before May 10, 1996 remain blocked:

- * (a) Bosnian Serb military and paramilitary forces;
- * (b) the authorities in those areas of Bosnia and Herzegovina under the control of (a);
- * (c) any entity, including any commercial, industrial, or public utility undertaking, organized or located in those areas of Bosnia and Herzegovina under the control of (a);

* (d) any entity (wherever organized or located) owned or controlled by (c) or by any individual in, or resident in those areas of Bosnia and Herzegovina under the control of (a); and

* (e) any persons acting for or on behalf of any of the above.

•FRYS&MFUNDS TRANSFERS UNBLOCKED BY DIRECTIVE AND GENERAL LICENSE - (a) OFAC has directed that all FRY S&M funds transfers interdicted and blocked on or after December 27, 1995, be unblocked.

(b) FRY S&M funds blocked prior December 27, 1995, which were received through wire transfer instructions or check remittances may be returned to remitters, unless:

(1) the funds were originally destined for an account on the books of a U.S. financial institution established pursuant to a directive license from the Office of Foreign Assets Control or by the Government of the FRY S&M or another person whose property was blocked prior to December 27, 1995;

(2) the funds were remitted by or through the Government of the FRY S&M or another person whose property was blocked prior to December 27, 1995.

(c) Banks which were holding blocked funds originally destined for accounts previously established by blocked persons as depicted in (b)(1) above, were to forward such funds by January 29, 1996, for ultimate credit to those previously established accounts, which remain blocked.

(d) Funds remitted by or through blocked persons prior to December 27, 1995 must remain blocked.

(e) Examples:

• On October 23, 1994, U.S. "Bank A" received instructions to debit the account of its non-blocked foreign customer and to transfer funds to the correspondent account of Jugobanka D.D., Belgrade which was established by Jugobanka on the books of U.S. "Bank B" in 1975. At the time of the transfer, the funds were credited to a blocked account established by Bank A because all assets in which Jugobanka D.D. had an interest were blocked prior to December 27, 1995. Bank A should have forwarded the funds to the Jugobanka account on the books of Bank B by January 29, 1996.

• On September 3, 1995, U.S. Bank received instructions to debit the account of non-blocked foreign "Bank A" and to transfer funds to the account of non-blocked foreign "Bank B". The transfer was frozen and the funds were credited to a blocked account established by U.S. Bank because the remitter of the payment, Bank A's customer, was Progres, Belgrade. This transfer may not be returned to the remitter, an entity whose assets were blocked prior to December 27, 1995. The funds must remain blocked on the books of U.S. Bank.

• On January 18, 1995, U.S. Bank received instructions to debit the account of a non-blocked customer and to transfer funds to the account of a non-blocked foreign bank for further credit to the account of Anglo Yugoslav Bank, London. The funds were frozen at the time of the transfer and credited to a blocked account established by U.S. Bank because all assets in which Anglo Yugoslav Bank had an interest were blocked prior to December 27, 1995. U.S. Bank may now return the funds to the non-blocked customer.

•DEBT TRADING - Debt representing original borrowings of Serbian or Montenegrin banks or of the former National Bank of Yugoslavia may be traded if such debt was not held in the United States or in the possession or control of a U.S. person prior to January 16, 1996. FRY S&M debt held

by U.S. persons in a blocked status prior to January 16, 1996 must remain blocked. However, a general license, which authorizes secondary market trading with respect to certain Yugoslav debt securities issued pursuant to the "New Financing Agreement" of September 20, 1988, remains in effect.

F—UNITA (Angola)

UNITA (Angola) Sanctions Regulations (31 C.F.R. Part 590)

In coordination with international sanctions adopted by the United Nations Security Council, the President signed Executive Order 12865 on September 26, 1993, initiating sanctions against the "Uniao Nacional para a Independencia Total de Angola" and the "Forces Armadas para a Liberacao de Angola" (FALA), known in English as the "National Union for the Total Independence of Angola" and the "Armed Forces for the Liberation of Angola." UNITA includes any person acting or purporting to act for or on behalf of either of these organizations. In response to UN Security Council Resolutions 1127 of August 28, 1997, and 1130 of September 29, 1997, the President signed an Executive Order in December, 1997, further tightening the sanctions against UNITA.

•ARMS AND OIL SALES - The embargo prohibits the sale or supply by United States persons or from the United States, or using U.S.-registered vessels or aircraft, of arms and related material of all types, including weapons and ammunition, military vehicles and equipment and related spare parts, as well as petroleum and petroleum products, regardless of origin, to UNITA or to the territory of Angola other than through points of entry designated by the Office of Foreign Assets Control.

•TRANSACTIONS RELATED TO AIRCRAFT SERVICES AND AIR TRAVEL TO ANGOLA - The following types of transactions are prohibited to be performed by U.S. persons or from the United States:

- The sale, supply or making available of any aircraft or aircraft components, regardless of origin, to UNITA or to Angola through unapproved points of entry;
- The insurance, engineering or servicing of any aircraft owned or controlled by UNITA;
- The granting of permission to any aircraft to take off from, land in, or overfly the United States if the aircraft, as part of the same flight or as a continuation of that flight, is destined to land in or has taken off from a place in the territory of Angola other than one specified by the U.S. Department of the Treasury;
- The provision or making available of engineering and maintenance servicing, the certification of airworthiness, the payment of new claims against existing insurance contracts, or the provision, renewal or making available of direct insurance with respect to any aircraft registered in Angola other than those specified by the U.S. Department of the Treasury, or that has flown into Angola other than through a port of entry specified by the U.S. Department of the Treasury.

G—IRAN

An overview of Regulations involving Sanctions against Iran

Iranian Transactions Regulations (31 C.F.R. Part 560)

• **INTRODUCTION** - As a result of Iran's support for international terrorism and its aggressive actions against non-belligerent shipping in the Persian Gulf, President Reagan, on October 29, 1987, issued Executive Order 12613 imposing a new import embargo on Iranian-origin goods and services. Section 505 of the International Security and Development Cooperation Act of 1985 ("ISDCA") was utilized as the statutory authority for the embargo which gave rise to the Iranian Transactions Regulations (Title 31 Part 560 of the U.S. Code of Federal Regulations).

Effective March 16, 1995, as a result of Iranian sponsorship of international terrorism and Iran's active pursuit of weapons of mass destruction, President Clinton issued Executive Order 12957 prohibiting U.S. involvement with petroleum development in Iran. On May 6, 1995, he signed Executive Order 12959, pursuant to the International Emergency Economic Powers Act ("IEEPA") as well as the ISDCA, substantially tightening sanctions against Iran.

On August 19, 1997, the President signed Executive Order 13059 clarifying Executive Orders 12957 and 12959 and confirming that virtually all trade and investment activities with Iran by U.S. persons, wherever located, are prohibited.

• **IMPORTS FROM IRAN** - Other than gifts valued at \$100 or less and information or informational materials, goods or services of Iranian origin may not be imported into the United States, either directly or through third countries. U.S. persons are prohibited from providing financing for prohibited import transactions.

• **IRANIAN-ORIGIN CARPETS** - Iranian-origin carpets may not be imported into the United States unless the carpet:

- (a) is sent to or brought as a gift for a person in the United States and the value of the carpet, along with any other items of Iranian-origin, is not more than \$100.00; or
- (b) is imported as part of the household and personal effects of persons relocating their household and place of residence to the United States. To qualify for this exception, it must be demonstrated to the satisfaction of the U.S. Customs Service that such Iranian-origin carpets: (i) were actually used abroad by persons arriving in the United States or by other family members arriving from the same foreign household, (ii) are not intended for any other person or for sale, and (iii) are not otherwise prohibited from importation. In the case of U.S. citizens and permanent resident aliens relocating to the United States, Iranian-origin carpets must not have been acquired after May 6, 1995.

Persons claiming the right to import Iranian-origin carpets as gifts or household and personal effects, as described above, must satisfy the U.S. Customs Service at the port of importation that these conditions have been met. In accordance with current U.S. Government policy, the Office of Foreign Assets Control generally does not issue licenses to authorize importations of Iranian-origin carpets which the U.S. Customs Service has determined do not qualify for importation under these two exceptions.

• **EXPORTS TO IRAN** - In general, goods, technology (including technical data or other information subject to Export Administration Regulations), or services may not be exported, reexported, sold or supplied, directly or indirectly, from the United States or by a U.S. person, wherever located, to Iran or the Government of Iran. The ban on providing services includes any brokering function from the United States or by U.S. persons, wherever located. For example, a U.S. person, wherever located, or any person acting within the United States, may not broker off-shore transactions that benefit Iran or the Government of Iran, including

sales of foreign goods or arranging for third-country financing or guarantees.

A person may not export from the U.S. any goods, technology or services, if that person knows or has reason to know such items are intended specifically for supply, transshipment or reexportation to Iran. Further, such exportation is prohibited if the exporter knows or has reason to know the U.S. items are intended specifically for use in the production of, for commingling with, or for incorporation into goods, technology or services to be directly or indirectly supplied, transshipped or reexported exclusively or predominately to Iran or the Government of Iran.

Donations of articles intended to relieve human suffering (such as food, clothing, and medicine), gifts valued at \$100 or less, and trade in "informational materials" are permitted. "Informational materials" are defined to include publications, films, posters, phonograph records, photographs, microfilms, microfiche, tapes, compact disks, CD ROMs, artworks, and news wire feeds, although certain Commerce Department restrictions still apply to some of those materials. To be considered informational material, artworks must be classified under chapter subheadings 9701, 9702, or 9703 of the Harmonized Tariff Schedule of the United States.

With certain exceptions, foreign persons who are not U.S. persons are prohibited from reexporting to Iran sensitive U.S.-origin goods, technology or services to Iran or the Government of Iran. Foreign persons involved in such reexports may be placed on the U.S. Commerce Departments "Export Denial Orders" list.

U.S. persons may not approve, finance, facilitate or guarantee any transaction by a foreign person where that transaction by a foreign person would be prohibited if performed by a U.S. person or from the United States.

• **DEALING IN IRANIAN-ORIGIN GOODS OR SERVICES** - U.S. persons, including foreign branches of U.S. banks and trading companies, are prohibited from engaging in any transactions, including purchase, sale, transportation, swap, financing, or brokering transactions related to goods or services of Iranian origin or owned or controlled by the Government of Iran.

Services provided in the United States by an Iranian national already resident in the United States are not considered services of Iranian origin.

These prohibitions apply to transactions by United States persons in locations outside the United States with respect to goods or services which the United States person knows, or has reason to know, are of Iranian origin or are owned or controlled by the Government of Iran. U.S. persons may not import such goods or services into or export them from foreign locations. A U.S. person may, however, engage in transactions in third countries necessary to sell, dispose of, store, or maintain goods located in a third country which were legally acquired by that U.S. person prior to May 7, 1995 on the condition that the transactions do not result in an importation into the United States of goods of Iranian origin.

• **FINANCIAL DEALINGS WITH IRAN** - New investments by U.S. persons, including commitments of funds or other assets, loans or any other extensions of credit, in Iran or in property (including entities) owned or controlled by the Government of Iran are prohibited. For your information, Appendix A contains a list of banks owned or controlled by the Government of Iran. While U.S. persons may continue to charge fees and accrue interest on existing Iranian loans, a specific license must be obtained to reschedule or otherwise extend the maturities of existing loans.

• **LETTERS OF CREDIT** - Letters of credit and other financing arrangements with respect to trade contracts in force as of May 6, 1995 may be performed pursuant to their terms provided that the underlying trade transaction was completed prior to June 6, 1995 (February 2, 1996 for "agricultural commodities") or as specifically licensed by the Office of Foreign Assets Control. Standby letters of credit that serve as performance guarantees for services to be rendered after June 6, 1995 cannot be renewed and payment may not be made after that date without authorization by OFAC.

• **OTHER BANKING SERVICES** - U.S. banks, including foreign branches, are prohibited from servicing accounts of the Government of Iran, including banks owned or controlled by the Government of Iran (as in Appendix A) or persons in Iran. However, they are authorized to pay interest, deduct reasonable and customary service charges, process transfers related to exempt transactions, such as the exportation of information or informational material, a travel-related remittance, or a payment for the shipment of a donation of articles to relieve human suffering or, at the request of an account holder, effect a lump sum closure of an account by payment to its owner. They may not otherwise directly credit or debit Iranian accounts.

U.S. banks may handle "U-turn" transactions-cover payments involving Iran that are by order of a third country bank for payment to another third country bank provided they do not directly credit or debit an Iranian account. They are also permitted to handle non-commercial family remittances involving Iran and non-commercial remittances involving humanitarian relief (such as for the victims of the earthquake in Khorasan), provided the transfers are routed to or from non-U.S. non-Iranian offshore banks.

U.S. banks initiating or receiving payment orders involving Iran on behalf of customers must determine prior to processing such payments that they do not involve transactions prohibited by the Iranian Transactions Regulations.

• **TRAVEL** - All transactions ordinarily incident to travel to or from Iran, including the importation of accompanied baggage for strictly personal use, payment of maintenance and living expenses and acquisition of goods or services for personal use are permitted.

• **OVERFLIGHTS PAYMENTS** - Payments to Iran for services rendered by the Government of Iran in connection with the overflight of Iran or emergency landing in Iran of aircraft owned by United States persons or registered in the U.S. are authorized.

• **PERSONAL COMMUNICATIONS, INFORMATION AND INFORMATIONAL MATERIALS** - The receipt or transmission of postal, telegraphic, telephonic or other personal communications, which does not involve the transfer of anything of value, between the United States and Iran is authorized. The exportation from the United States to Iran of information and informational materials, whether commercial or otherwise, regardless of format or medium of transmission, and any transaction incident to such exportation is authorized.

• **TRANSACTIONS INVOLVING U.S. AFFILIATES** - No U.S. person may approve or facilitate the entry into or performance of transactions or contracts with Iran by a foreign subsidiary of a U.S. firm that the U.S. person is precluded from performing directly. Similarly, no U.S. person may facilitate such transactions by unaffiliated foreign persons.

• **IRANIAN PETROLEUM INDUSTRY** - U.S. persons may not trade in Iranian oil or petroleum products refined in Iran, nor may they finance such trading. Similarly, U.S. persons may not perform services, including financing services, or supply goods or technology, that would benefit the Iranian oil industry.

APPENDIX - BANKS OWNED OR CONTROLLED BY THE GOVERNMENT OF IRAN

AGRICULTURAL COOPERATIVE BANK OF IRAN (a.k.a. BANK TAAVON KE-SHAVARZI IRAN), No. 129 Patrice Lumumba Street, Jalal-Ahmad Expressway, P.O. Box 14155/6395, Tehran, Iran

AGRICULTURAL DEVELOPMENT BANK OF IRAN (a.k.a. BANK JOSIAIYI KE-SHAHVARZI), Farahzad Expressway, Tehran, Iran

BANK JOSIAIYI KESHAHVARZI (a.k.a. AGRICULTURAL DEVELOPMENT BANK OF IRAN), Farahzad Expressway, Tehran, Iran

BANK MARKAZI JOMHOURI ISLAMI IRAN (a.k.a. THE CENTRAL BANK OF IRAN), Ferdowsi Avenue, P.O. Box 11365-8551, Tehran, Iran

BANK MASKAN (a.k.a. HOUSING BANK (of Iran)), Ferdowsi St., Tehran, Iran

BANK MELLAT, Park Shahr, Varzesh Avenue, P.O. Box 11365/5964, Tehran, Iran, and all offices worldwide, including, but not limited to:

- BANK MELLAT (Branch), Ziya Gokalp Bulvari No. 12, Kizilay, Ankara, Turkey
- BANK MELLAT (Branch), Binbir Cicek Sokak, Buyukdere Caddesi, P.O. Box 67, Levant, Istanbul, Turkey
- BANK MELLAT (Branch), 48 Gresham Street, London EC2V 7AX, England

BANK MELLI, P.O. Box 11365-171, Ferdowsi Avenue, Tehran, Iran, and all offices worldwide, including, but not limited to:

- BANK MELLI (Branch), 4 Moorgate, London EC2R 6AL, England
- BANK MELLI (Branch), Schadowplatz 12, 4000 Dusseldorf 1, Germany
- BANK MELLI (Branch), Friedenstrasse 4, P.O. Box 160 154, 6000 Frankfurt am Main, Germany
- BANK MELLI (Branch), P.O. Box 112129, Holzbruecke 2, 2000 Hamburg 11, Germany
- BANK MELLI (Branch), Odeonsplatz 18, 8000 Munich 22, Germany
- BANK MELLI (Branch), 43 Avenue Montaigne, 75008 Paris, France
- BANK MELLI (Branch), 601 Gloucester Tower, The Landmark, 11 Pedder Street, P.O. Box 720, Hong Kong
- BANK MELLI (Representative Office), 333 New Tokyo Building, 3-1 Marunouchi, 3-chome, Chiyoda-ku, Tokyo, Japan
- BANK MELLI (Agency), 818 Wilshire Boulevard, Los Angeles, California 90017, U.S.A
- BANK MELLI (Agency), 767 Fifth Avenue, 44th Floor, New York, New York 10153, U.S.A
- BANK MELLI (Representative Office), Smolensky Boulevard 22/14, Kv. S., Moscow, Russia
- BANK MELLI (Branch), Flat No. 1, First Floor, 8 Al Sad El-Aaly, Dokki, P.O. Box 2654, Cairo, Egypt
- BANK MELLI (Branch), Ben Yas Street, P.O. Box No. 1894, Riga Deira, Dubai, U.A.E
- BANK MELLI (Branch), P.O. Box 2656, Shaikha Maryam Building, Liwa Street, Abu Dhabi, U.A.E
- BANK MELLI (Branch), B.P.O. Box 1888, Clock Tower, Industrial Road, Al-Ain Club Building in from Emertel Al Ain, Al Ain, Abu Dhabi, U.A.E
- BANK MELLI (Branch), P.O. Box 1894, Riga, Ban Yas Street, Deira, Dubai, U.A.E
- BANK MELLI (Branch), Mohd-Habib Building, Al-Fahidi Street, P.O. Box 3093, Bur Dubai, Dubai, U.A.E
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- BANK MELLI (Branch), Sami Sagar Building Oman Street Al-Nakheel, P.O. Box 5270, Ras-Al Khaimah, U.A.E
- BANK MELLI (Branch), P.O. Box 459, Al Bory Street, Sharjah, U.A.E.

- BANK MELLI (Branch), P.O. Box 785, Government Road, Shaikh Mubarak Building, Manama, Bahrain
- BANK MELLI (Branch), P.O. Box 23309, Shaikh Salman Street, Road No. 1129, Muharraq 211, Bahrain
- BANK MELLI (Branch), P.O. Box 5643, Mossa Abdul Rehman Hassan Building, 238 Al Burj St., Ruwi, Muscat, Oman

BANK OF INDUSTRY AND MINE (of Iran) (a.k.a. BANK SANAT VA MADAN), Hafez Avenue, P.O. Box 11365/4978, Tehran, Iran

BANK REFAH KARGARAN (a.k.a. WORKERS WELFARE BANK (of Iran)), Moffettah No. 125, P.O. Box 15815 1866, Tehran, Iran

BANK SADERAT IRAN, Bank Saderat Tower, P.O. Box 15745-631, Somayeh Street, Tehran, Iran, and all offices worldwide, including, but not limited to:

- BANK SADERAT IRAN (Branch), Hamdam Street, Airport Road Intersection, P.O. Box 700, Abu Dhabi, U.A.E
- BANK SADERAT IRAN (Branch), Al-Am Road, P.O. Box 1140, Al Ein, Abu Dhabi, U.A.E
- BANK SADERAT IRAN (Branch), Liwara Street, P.O. Box 16, Ajman, U.A.E
- BANK SADERAT IRAN (Branch), 3rd Floor Dom Dasaf Building, Mejloka Street 7A, Ashkhabad, Turkmenistan
- BANK SADERAT IRAN (Branch), 25-29 Panepistimiou Street, P.O. Box 4308, GR-10210, Athens 10672, Greece
- BANK SADERAT IRAN (Branch), Imam Ali Street, Sahat Yaghi, Ras Elain-Alektisad Building 2nd Floor, Baalbeck, Lebanon
- BANK SADERAT IRAN (Branch and Offshore Banking Unit), 106 Government Road, P.O. Box 825, Manama Town 316, Bahrain
- BANK SADERAT IRAN (Branch), Hamra Pavillion Street, Savvagh and Daa-boul Building 1st Floor, P.O. Box 113-6717, Beirut, Lebanon
- BANK SADERAT IRAN (Branch), Alghobairi Boulevard, Beirut, Lebanon
- BANK SADERAT IRAN (Branch), 28 Sherif Street, P.O. Box 462, Cairo, Egypt
- BANK SADERAT IRAN (Branch), Old Ben-Ghanem Street (next to God Market), P.O. Box 2256, Doha, Qatar
- BANK SADERAT IRAN (Branch), Almaktoom Road, P.O. Box 4182, Deira, Dubai, U.A.E
- BANK SADERAT IRAN (Branch), Bazar Murshid, P.O. Box 4182, Deira, Dubai, U.A.E
- BANK SADERAT IRAN (Branch), Alfahid Road, P.O. Box 4182, Bur Dubai, Dubai, U.A.E
- BANK SADERAT IRAN (Branch), Sherea Shekikh Zayad Street, P.O. Box 55, Fujairah, U.A.E
- BANK SADERAT IRAN (Branch), Wilhelm Leuschner Strasse 41, P.O. Box 160151, W-6000 Frankfurt am Main, Germany
- BANK SADERAT IRAN (Branch), P.O. Box 112227, Hopfenhof Passage, Kleiner Bustah 6-10, W-2000 Hamburg 11, Germany
- BANK SADERAT IRAN (Branch), Lothbury, London EC2R 7HD, England
- BANK SADERAT IRAN (Representative Office), 707 Wilshire Boulevard, Suite 4880, Los Angeles, California 90017, U.S.A
- BANK SADERAT IRAN (Agency), 375 Park Avenue, New York, New York 10152, U.S.A
- BANK SADERAT IRAN (Branch), P.O. Box 4269, Mutrah, Muscat, Oman
- BANK SADERAT IRAN (Branch), 16 rue de la Paix, Paris 2eme, 75002 Paris, France
- BANK SADERAT IRAN (Branch), Alaroba Road, P.O. Box 316, Sharjah, U.A.E

BANK SANAT VA MADAN (a.k.a. BANK OF INDUSTRY AND MINE (of Iran)), Hafez Avenue, P.O. Box 11365/4978, Tehran, Iran

BANK SEPAH, Emam Khomeini Square, P.O. Box 11364, Tehran, Iran, and all office worldwide, including, but not limited to:

- BANK SEPAH (Branch), Muenchener Strasse 49, P.O. Box 10 03 47, W-6000 Frankfurt am Main 1, Germany
- BANK SEPAH (Branch), 5/7 Eastcheap, EC3M 1JT London, England
- BANK SEPAH (Branch), 650 Fifth Avenue, New York, New York 10019, U.S.A
- BANK SEPAH (Branch), 17 Place Vendome, 75001 Paris, France.
- BANK SEPAH (Branch), Via Barberini 50, 00187 Rome, Italy

- BANK SEPAH (Representative Office), Ufficio di Rappresentanza, Via Ugo Foscolo 1, 20121 Milan, Italy

BANK TAAVON KESHAVARZI IRAN (a.k.a. AGRICULTURAL COOPERATIVE BANK OF IRAN) No. 129 Patrice Lumumba Street, Jalal-Al-Ahmad Expressway, P.O. Box 14155/6395, Tehran, Iran

BANK TEJARAT, 130 Taleghani Avenue, Nejatollahie, P.O. Box 11365-5416, Tehran, Iran, and all offices worldwide, including, but not limited to:

- BANK TEJARAT (Branch), 6/8 Clements Lane, London EC4N 7AP, England
- BANK TEJARAT (Branch), 44 Avenue des Champs Elysees, 75008 Paris, France

DEUTSCH-IRANISCHE HANDELSBANK AG (n.k.a. EUROPAEISCH-IRANISCHE HANDELSBANK AG) Depenau 2, W-2000 Hamburg 1, Germany, and all offices worldwide, including, but not limited to:

- DEUTSCH-IRANISCHE HANDELSBANK AG (n.k.a. EUROPAEISCH-IRANISCHE HANDELSBANK AG) (Representative Office), 23 Argentine Square, Beihaghi Bulvar, P.O. Box 15815/1787, Tehran 15148, Iran

EUROPAEISCH-IRANISCHE HANDELSBANK AG (f.k.a. DEUTSCH-IRANISCHE HANDELSBANK AG) Depenau 2, W-2000 Hamburg 1, Germany, and all offices worldwide, including, but not limited to:

- EUROPAEISCH-IRANISCHE HANDELSBANK AG (f.k.a. DEUTSCH-IRANISCHE HANDELSBANK AG) (Representative Office), 23 Argentine Square, Beihaghi Bulvar, P.O. Box 15815/1787, Tehran 15148, Iran

HOUSING BANK (of Iran) (a.k.a. BANK MASKAN), Ferdowsi St., Tehran, Iran

IRAN OVERSEAS INVESTMENT BANK LIMITED (f.k.a. IRAN OVERSEAS INVESTMENT CORPORATION LIMITED), 120 Moorgate, London EC2M 6TS, England, and all offices worldwide, including, but not limited to:

- IRAN OVERSEAS INVESTMENT BANK LIMITED (Representative Office), 1137 Avenue Vali Asr off Park-e-Sail, P.O. Box 15115/531, Tehran, Iran
- IRAN OVERSEAS INVESTMENT BANK LIMITED (Agency), Suite 3c Olympia House, 61/63 Dame Street, Dublin 2, Ireland
- IRAN OVERSEAS INVESTMENT BANK LIMITED (Agency), Improgetti, Via Germanico 24, 00192 Rome, Italy
- IRAN OVERSEAS TRADING COMPANY LIMITED (Subsidiary), 120 Moorgate, London EC2M 6TS, England

IRAN OVERSEAS INVESTMENT CORPORATION LIMITED (n.k.a. IRAN OVERSEAS INVESTMENT BANK LIMITED), 120 Moorgate, London EC2M 6TS, England

THE CENTRAL BANK OF IRAN (a.k.a. BANK MARKAZI JOMHOURI ISLAMI IRAN), Ferdowsi Avenue, P.O. Box 11365-8551, Tehran, Iran

WORKERS WELFARE BANK (of Iran) (a.k.a. BANK REFAH KARGARAN), Moffettah No. 125, P.O. Box 15815 1866, Tehran, Iran

Iranian Assets Control Regulations (31 C.F.R Part 535)

Separate Iranian sanctions regulations appear at 31 C.F.R. Part 535. On November 14, 1979, the assets of the Government of Iran in the United States were blocked in accordance with IEEPA, following the seizure of the American Embassy in Teheran and the taking of U.S. diplomats as hostages. Under the Iranian Assets Control Regulations (Title 31 Part 535 of the U.S. Code of Federal Regulations), some US\$12 billion in Iranian Government bank deposits, gold, and other properties were frozen, including \$5.6 billion in deposits and securities held by overseas branches of U.S. banks. The assets freeze was eventually expanded to a full trade embargo, which remained in effect until the Algiers Accords were signed with Iran on January 19, 1981. Pursuant to the Accords, most Iranian assets in the United States were unblocked and the trade embargo was lifted. The U.S. Government also canceled any attachments that U.S. parties had secured against Iranian assets in the United States, so that the assets could be returned to Iran or transferred to escrow accounts in third countries pursuant to the Accords. This action was upheld by the Supreme Court in 1981 in *Dames & Moore v. Regan*. Although greatly modified in scope, the old Iranian Assets Control Regulations remain in effect. Many U.S. nationals have claims against Iran or Iranian entities for products shipped or services rendered before the onset of the 1979 embargo or for losses sustained in Iran due to expropriation during that time. These claims are still being litigated in the Iran-United States Claims Tribunal at The

Hague established under the Algiers Accords. Certain assets related to these claims remain blocked in the United States and consist mainly of military and dual-use property.

H—TERRORISM

Terrorism Sanctions Regulations (31 C.F.R. Part 595)

Terrorism List Governments Sanctions Regulations (31 C.F.R. Part 596)

Foreign Terrorist Organizations Sanctions Regulations (31 C.F.R. Part 597)

On January 23, 1995, President Clinton signed Executive Order 12947, “Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process.” The Order blocks all property subject to U.S. jurisdiction in which there is any interest of 12 Middle East terrorist organizations included in an Annex to the Order. In addition, the Order blocks the property and interests in property of persons designated by the Secretary of State, in coordination with the Secretary of the Treasury and the Attorney General, who are found (1) to have committed or to pose a significant risk of disrupting the Middle East peace process, or (2) to assist in, sponsor or provide financial, material, or technological support for, or services in support of, such acts of violence. The Order further blocks all property and interests in property subject to U.S. jurisdiction in which there is any interest of persons determined by the Secretary of the Treasury, in coordination with the Secretary of State and the Attorney General, to be owned or controlled by, or to act for or on behalf of any other person designated pursuant to the Order (collectively “Specially Designated Terrorists” or “SDTs”). SDTs are integrated into OFAC’s alphabetized master list of Specially Designated Nationals and Blocked Persons with an identifier of “[SDT].” They have also been separately listed in a special OFAC brochure entitled *Terrorism: What You Need to Know About U.S. Sanctions*. The Order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of SDTs, including the making or receiving of any contribution of funds, goods, or services to or for the benefit of such persons. It has been implemented by the Terrorism Sanctions Regulations.

On April 24, 1996, President Clinton signed into law the Antiterrorism and Effective Death Penalty Act of 1996, Public Law 104-132, 110 Stat. 1214-1319. Section 321 of the Act makes it a criminal offense for U.S. persons, except as provided in regulations issued by the Secretary of the Treasury in consultation with the Secretary of State, to engage in financial transactions with the governments of countries designated under section 6(j) of the Export Administration Act of 1979, 50 U.S.C. App. 2405, as supporting international terrorism. U.S. persons who engage in such transactions are subject to criminal penalties under title 18, United States Code. In implementation of section 321, the Treasury Department has issued the Terrorism List Governments Sanctions Regulations.

The countries currently designated under section 6(j) of the Export Administration Act are Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria. The provisions of existing OFAC regulations governing Cuba, Iran, Iraq, Libya and North Korea continue in effect with the added authority of section 321. Financial transactions of U.S. persons with the governments of those five countries are governed by the separate parts of Title 31 Chapter V of the U.S. Code of Federal Regulations imposing economic sanctions on those countries and information about those programs is available in separate OFAC brochures. Regarding the governments of

countries designated under section 6(j) that are not otherwise subject to economic sanctions administered by OFAC, at present the government of Syria, the Terrorism List Governments Sanctions Regulations prohibit U.S. persons from receiving unlicensed donations and from engaging in financial transactions with respect to which the U.S. person knows or has reasonable cause to believe that the financial transaction poses a risk of furthering terrorist acts in the United States. Banks located in the United States and U.S. banks located offshore must reject transfers in the form of gifts or charitable contributions from the government of Syria, or from entities owned or controlled by the government of Syria, unless the bank knows or has reasonable cause to believe that the transaction poses a risk of furthering terrorism in the United States, in which case the funds must be retained by the bank. Banks should immediately notify OFAC Compliance about any retained items. Reject items must be reported within 10 business days of rejection. For the purposes of this program only, a financial transaction not originated by the government of Syria (including its central bank and government owned-or-controlled banks acting for their own accounts), but transferred to the United States through one of those banks, is not considered to be a prohibited financial transaction with the government of Syria.

Section 302 of the Antiterrorism and Effective Death Penalty Act of 1996 also authorizes the Secretary of State to designate organizations as “Foreign Terrorist Organizations” (“FTOs”). The Act makes it a criminal offense for U.S. persons to provide material support or resources to FTOs and requires financial institutions to block all funds in which FTOs or their agents have an interest. The term “financial institutions” comes from 31 U.S.C. 5312(a)(2) and is defined very broadly. Among the types of businesses covered by Treasury’s Foreign Terrorist Organizations Sanctions Regulations, which implement Section 302 of the Act, are banks, securities and commodities broker/dealers, investment companies, currency exchanges, issuers, redeemers, and cashiers of traveler’s checks, checks, money orders, or similar instruments, credit card system operators, insurance companies, dealers in precious metals, stones or jewels, pawnbrokers, loan and finance companies, travel agencies, licensed money transmitters, telegraph companies, businesses engaged in vehicle sales, including automobile, airplane or boat sales, persons involved in real estate closings or settlements, and casinos. Such “financial institutions” must notify OFAC Compliance about any blocked funds within ten days of blocking. The Act provides for civil penalties to be assessed against financial institutions for failing to block or report the blocking of FTO funds in an amount equal to \$50,000 per violation or twice the amount which ought to have been blocked or reported, whichever is greater. Foreign Terrorist Organizations and their agents are integrated into OFAC’s alphabetized master list of Specially Designated Nationals and Blocked Persons with an identifier of “[FTO].” They have been separately listed in OFAC’s *Terrorism: What You Need to Know* brochure.

I—NARCOTICS

Narcotics Trafficking Sanctions Regulations (31 C.F.R. Part 536)

On October 21, 1995, President Clinton signed Executive Order 12978 entitled “Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers” (the “Order”) which has been implemented as the Narcotics Trafficking Sanctions Regulations at 31 C.F.R. Part 536.

The Order blocks all property subject to U.S. jurisdiction in which there is any interest of four principal figures in the Cali drug cartel who are listed in the annex to the Order. In addition, the Order blocks the property and

interests in property of foreign persons determined by the Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State, (a) to play a significant role in international narcotics trafficking centered in Colombia, or (b) to materially assist in or provide financial or technological support for, or goods or services in support of, persons designated in or pursuant to the Order. In addition, the Order blocks all property and interests in property subject to U.S. jurisdiction of persons determined by the Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State, to be owned or controlled by, or to act for or on behalf of, persons designated in or pursuant to the Order (collectively "Specially Designated Narcotics Traffickers" or "SDNTs"). SDNTs are integrated into OFAC's alphabetized master list of Specially Designated Nationals and Blocked Persons with an identifier of "[SDNT]." They have also been separately listed in a special OFAC brochure entitled *Narcotics: What You Need to Know About Executive Order 12978* - An overview of the blocking of assets and prohibitions against transactions with Narcotics Traffickers - Title 31 Part 536 of the U.S. Code of Federal Regulations.

The Order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of SDNTs, and any transaction that evades or avoids, has the purpose of evading or avoiding, or attempts to violate, the prohibitions contained in the Order. This obviously impacts trade transactions (involving, for example, letters of credit) as well as accounts and other assets. Designations of persons blocked pursuant to the Order are effective upon the date of determination by the Director of the Office of Foreign Assets Control, acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the Federal Register, or upon prior actual notice.

J—BURMA (MYANMAR)

Burmese Sanctions Regulations (31 C.F.R. Part 537)

• **INTRODUCTION** - On May 20, 1997, in response to the Burmese Government's large scale repression of and violence against the Democratic opposition, President Clinton issued Executive Order No. 13047 declaring a national emergency with respect to Burma. The order, issued under the authority § 570(b) of the Foreign Operations, Export Financing and Related Programs Appropriations Act, 1997 (Public Law 104-208) (the "Act") and the International Emergency Economic Powers Act (50 U.S.C. 1701-1706) ("IEEPA"), prohibits new investment in Burma by U.S. persons, and their facilitation of new investment in Burma by foreign persons. The summary which follows is intended as a broad overview of the Regulations.

Criminal penalties for violating the Burmese Sanctions Regulations range up to 10 years in jail, \$500,000 in corporate, and \$250,000 in individual fines. In addition, civil penalties of up to \$11,000 per violation may be imposed administratively.

• **NEW INVESTMENT** - The sanctions prohibit new investment in Burma (Myanmar) by U.S. persons on or after May 21, 1997, unless such investment is pursuant to an agreement in place prior to May 21, 1997. A number of criteria are used to determine whether or not a specific activity is "grandfathered." Factors taken into account include the clarity of the scope of the agreement, the degree of specificity with which the activity is described, and the extent to which the terms of the agreement are legally enforceable. U.S. persons with pre-effective date agreements for the economic development of resources located in Burma should contact the Of-

fice of Foreign Assets Control for a determination as to whether or not their project is exempted from the sanctions.

New investment in Burma is defined as a contract with the Government of Burma or a nongovernmental entity in Burma for the development of resources (including natural, agricultural, commercial, financial, industrial and human resources) located in Burma. The prohibition includes purchasing a share of ownership (an equity interest) in a project or entering into an agreement which provides for a participation in royalties, earnings, and profits from the economic development of resources located in Burma. The Executive order also prohibits a U.S. company from entering into a contract which provides for the general supervision and guarantee of another person's performance of an agreement for the economic development of resources located in Burma.

Some examples of prohibited new investment are as follows:

- A U.S. company wishes to build a new factory in Burma where its products will be produced. This is likely to involve an agreement for the development of industrial, commercial, and human resources located in Burma and is prohibited.
- A U.S. contractor has been asked by a foreign oil company to be the general contractor for its oil exploration project in Burma. The U.S. company would not only supervise the sub-contractors, but also guarantee their performance. This activity is considered new investment and is prohibited.
- A U.S. sub-contractor has been asked to perform a service for the general contractor in the previous example, but will have no supervisory functions. The sub-contractor is merely providing a service and its activities in Burma are *not* prohibited (see "**General Exemptions**" below).
- A U.S. company has been asked by a European company to provide ongoing technical support for its factory in Burma. The contract calls for the U.S. company to be paid a percentage of the profits generated by the Burmese factory. This is a prohibited new investment in Burma.

• **FACILITATION** - A U.S. person is prohibited from approving, aiding or supporting a foreign person's investment in Burma, if the foreign person's activity would constitute prohibited new investment if engaged in by a U.S. person. Exception: While contracting to sell to a foreign person a U.S. person's equity or income interest in a development project in Burma constitutes facilitation of that foreign person's investment in Burma, such a divestiture is authorized by general license to proceed. If the transaction is valued at more than \$10,000, a report must be filed for statistical purposes with the Office of Foreign Assets Control, within ten business days of the signing of such an agreement.

Examples of prohibited facilitation of a foreign person's new investment in Burma follow:

- The foreign subsidiary of a U.S. company wishes to bid on a project to develop a coal mine in Burma. The U.S. parent cannot approve, supervise, or otherwise be involved in the foreign subsidiary's negotiations with regard to this project.
- A U.S. oil company holds a pre-effective date contract to develop a Burmese oil field. It wishes to sell its rights under the contract to a foreign company. It is authorized to sell an interest without prior authorization from OFAC, but if the agreement is valued at more than \$10,000, the seller must file a report with OFAC within ten days of the signing of the agreement.

• **INVESTMENT IN THIRD COUNTRY COMPANIES** - U.S. persons are prohibited from purchasing shares in a third-country company where the company's profits are predominantly derived from the company's economic development of resources located in Burma. If a person holds shares in an entity that subsequently engages exclusively or predominantly in the economic development of resources in Burma, or subsequently derives its income exclusively or predominantly from such activity, the U.S. person is not required to relinquish its shares, but may not purchase additional shares. If the U.S. person sells off shares valued at more than \$10,000, the seller must file a report with OFAC for statistical purposes within ten days of the sale.

• **GENERAL EXEMPTIONS** - The sale or purchase of goods or services to or from Burma is exempt from these sanctions, provided the transaction does not result in a U.S. person's acquisition of an equity or income interest in a project for the development of resources located in Burma. (Services constituting the general supervision and guarantee of another person's agreement for the economic development of resources located in Burma are not exempt.) This trade exemption includes financial services, such as funds transfers, letters of credit, and financing contracts, provided that the instrument is not collateralized by a project for the development of resources located in Burma.

Investment in Burma in not-for-profit, educational, health or other humanitarian programs or activities is authorized.

K—SUDAN

Executive Order Blocking Sudanese Government Property and Prohibiting Transactions with Sudan

"By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) (IEEPA), the National Emergencies Act (50 U.S.C. 1601 et seq.), and section 301 of title 3, United States Code,

I, WILLIAM J. CLINTON, President of the United States of America, find that the policies and actions of the Government of Sudan, including continued support for international terrorism; ongoing efforts to destabilize neighboring governments; and the prevalence of human rights violations, including slavery and the denial of religious freedom, constitute an unusual and extraordinary threat to the national security and foreign policy of the United States, and hereby declare a national emergency to deal with that threat.

I hereby order:

Section 1. Except to the extent provided in section 203(b) of IEEPA (50 U.S.C. 1702(b)) and in regulations, orders, directives, or licenses that may be issued pursuant to this order, all property and interests in property of the Government of Sudan, that are in the United States, that hereafter come within the United States, or that hereafter come within the possession or control of United States persons, including their overseas branches, are blocked.

Section 2. The following are prohibited, except to the extent provided in section 203(b) of IEEPA (50 U.S.C. 1702(b)) and in regulations, orders, directives, or licenses that may be issued pursuant to this order:

- (a) the importation into the United States of any goods or services of Sudanese origin, other than information or informational materials;
- (b) the exportation or reexportation, directly or indirectly, to Sudan of any goods, technology (including technical data, software, or other information), or services from the United States or by a United States person, wherever located, or requiring the issuance of a license by a Federal agency, except for donations of articles intended to relieve human suffering, such as food, clothing, and medicine;
- (c) the facilitation by a United States person, including but not limited to brokering activities, of the exportation or reexportation of goods, technology, or services from Sudan to any destination, or to Sudan from any location;
- (d) the performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Sudan;
- (e) the grant or extension of credits or loans by any United States person to the Government of Sudan;
- (f) any transaction by a United States person relating to transportation of cargo to or from Sudan; the provision of transportation of cargo to or from the United States by any Sudanese person or any vessel or aircraft of Sudanese registration; or the sale in the United States by any person holding authority under subtitle 7 of title 49, United States Code, of any transportation of cargo by air that includes any stop in Sudan; and
- (g) any transaction by any United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order.

Section 3. Nothing in this order shall prohibit:

- (a) transactions for the conduct of the official business of the Federal Government or the United Nations by employees thereof; or
- (b) transactions in Sudan for journalistic activity by persons regularly employed in such capacity by a news-gathering organization.

Section 4. For the purposes of this order:

- (a) the term 'person' means an individual or entity;
- (b) the term 'entity' means a partnership, association, trust, joint venture, corporation, or other organization;
- (c) the term 'United States person' means any United States citizen, permanent resident alien, entity organized under the laws of the United States (including foreign branches), or any person in the United States;
- (d) the term 'Government of Sudan' includes the Government of Sudan, its agencies, instrumentalities and controlled entities, and the Central Bank of Sudan.

Section 5. The Secretary of the Treasury, in consultation with the Secretary of State and, as appropriate, other agencies, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to me by IEEPA, as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate any of these functions to other officers and agencies of the United States Government. All agencies of the United States Government are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order.

Section 6. Nothing contained in this order shall create any right or benefit, substantive or procedural, enforceable by any party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

Section 7. (a) This order shall take effect at 12:01 a.m. eastern standard time on November 4, 1997, except that trade transactions under contracts in force as of the date of this order may be performed pursuant to their terms through 12:01 a.m. eastern standard time on [30 days from effective

date], and letters of credit and other financing agreements for such underlying trade transactions may be performed pursuant to their terms.

(b) This order shall be transmitted to the Congress and published in the *Federal Register*."

[The following are considered owned or controlled by the Government of Sudan. Their assets are blocked pursuant to the Executive Order:

AFRICAN DRILLING COMPANY, Khartoum, Sudan

AGRICULTURAL BANK OF SUDAN, P.O. Box 1363, Khartoum, Sudan

AMIN EL GEZAI COMPANY (a.k.a. EL AMIN EL GEZAI COMPANY), Khartoum, Sudan

AUTOMOBILE CORPORATION, Khartoum, Sudan

BANK OF KHARTOUM (a.k.a. BANK OF KHARTOUM GROUP), P.O. Box 1008, Khartoum, Sudan; P.O. Box 312, Khartoum, Sudan; P.O. Box 880, Khartoum, Sudan; P.O. Box 2732, Khartoum, Sudan; P.O. Box 408, Barlaman Ave., Khartoum, Sudan; P.O. Box 67, Omdurman, Sudan; P.O. Box 241, Port Sudan, Sudan; P.O. Box 131, Wad Medani, Sudan; Abu Hammad, Sudan; Abugaouta, Sudan; Assalaya, Sudan; P.O. Box 89, Atbara, Sudan; Berber, Sudan; Dongola, Sudan; El Daba, Sudan; El Dain, Sudan; El Damazeen, Sudan; El Damer, Sudan; El Dilling, Sudan; El Dinder, Sudan; El Fashir, Sudan; El Fow, Sudan; El Gadarit, Sudan; El Garia, Sudan; El Ghadder, Sudan; El Managil, Sudan; El Mazmoum, Sudan; P.O. Box 220, El Obeid, Sudan; El Rahad, Sudan; El Roseirs, Sudan; El Suk el Shabi, Sudan; Halfa el Gadida, Sudan; Karima, Sudan; Karkoug, Sudan; Kassala, Sudan; Omdurman P.O. Square, P.O. Box 341, Khartoum, Sudan; Sharia el Barlaman, P.O. Box 922, Khartoum, Sudan; Sharia el Gama'a, P.O. Box 880, Khartoum, Sudan; Sharia el Gamhoria, P.O. Box 312, Khartoum, Sudan; Sharia el Murada, Khartoum, Sudan; Tayar Murad, P.O. Box 922, Khartoum, Sudan; Suk el Arabi, P.O. Box 4160, Khartoum, Sudan; University of Khartoum, Khartoum, Sudan; P.O. Box 12, Kosti, Sudan; P.O. Box 135, Nyala, Sudan; Rabak, Sudan; Rufaa, Sudan; Sawakin, Sudan; Shendi, Sudan; Singa, Sudan; Tamboul, Sudan; Tandalti, Sudan; Tokar, Sudan; Wadi Halfa, Sudan

BANK OF KHARTOUM GROUP (a.k.a. BANK OF KHARTOUM), P.O. Box 1008, Khartoum, Sudan; P.O. Box 312, Khartoum, Sudan; P.O. Box 880, Khartoum, Sudan; P.O. Box 2732, Khartoum, Sudan; P.O. Box 408, Barlaman Ave., Khartoum, Sudan; P.O. Box 67, Omdurman, Sudan; P.O. Box 241, Port Sudan, Sudan; P.O. Box 131, Wad Medani, Sudan; Abu Hammad, Sudan; Abugaouta, Sudan; Assalaya, Sudan; P.O. Box 89, Atbara, Sudan; Berber, Sudan; Dongola, Sudan; El Daba, Sudan; El Dain, Sudan; El Damazeen, Sudan; El Damer, Sudan; El Dilling, Sudan; El Dinder, Sudan; El Fashir, Sudan; El Fow, Sudan; El Gadarit, Sudan; El Garia, Sudan; El Ghadder, Sudan; El Managil, Sudan; El Mazmoum, Sudan; P.O. Box 220, El Obeid, Sudan; El Rahad, Sudan; El Roseirs, Sudan; El Suk el Shabi, Sudan; Halfa el Gadida, Sudan; Karima, Sudan; Karkoug, Sudan; Kassala, Sudan; Omdurman P.O. Square, P.O. Box 341, Khartoum, Sudan; Sharia el Barlaman, P.O. Box 922, Khartoum, Sudan; Sharia el Gama'a, P.O. Box 880, Khartoum, Sudan; Sharia el Gamhoria, P.O. Box 312, Khartoum, Sudan; Sharia el Murada, Khartoum, Sudan; Tayar Murad, P.O. Box 922, Khartoum, Sudan; Suk el Arabi, P.O. Box 4160, Khartoum, Sudan; University of Khartoum, Khartoum, Sudan; P.O. Box 12, Kosti, Sudan; P.O. Box 135, Nyala, Sudan; Rabak, Sudan; Rufaa, Sudan; Sawakin, Sudan; Shendi, Sudan; Singa, Sudan; Tamboul, Sudan; Tandalti, Sudan; Tokar, Sudan; Wadi Halfa, Sudan

BANK OF SUDAN, Sharia El Gamaa, P.O. Box 313, Khartoum, Sudan; Atbara, Sudan; P.O. Box 27, El Obeid, Sudan; P.O. Box 136, Juba, Sudan; P.O. Box 73, Kosti, Sudan; Nyala, Sudan; P.O. Box 34, Port Sudan, Sudan; Wad Medani, Sudan; Wau, Sudan

BLUE NILE PACKING CORPORATION, P.O. Box 385, Khartoum, Sudan

COPTRADE COMPANY LIMITED (PHARMACEUTICAL AND CHEMICAL DIVISION), P.O. Box 246, Khartoum, Sudan; Port Sudan, Sudan

EL AMIN EL GEZAI COMPANY (a.k.a. AMIN EL GEZAI COMPANY), Khartoum, Sudan

EL GEZIRA AUTOMOBILE COMPANY (a.k.a. GEZIRA AUTOMOBILE COMPANY), P.O. Box 232, Khartoum, Sudan

EL NILEIN BANK (n.k.a. EL NILEIN INDUSTRIAL DEVELOPMENT BANK (SUDAN); n.k.a. EL NILEIN INDUSTRIAL DEVELOPMENT BANK GROUP; n.k.a. NILEIN INDUSTRIAL DEVELOPMENT BANK (SUDAN)), P.O. Box 466/1722, United Nations Square, Khartoum, Sudan; Parliament Street, P.O. Box 466, Khartoum, Sudan; P.O. Box 6013, Abu Dhabi City, United Arab Emirates

EL NILEIN INDUSTRIAL DEVELOPMENT BANK (SUDAN) (a.k.a. EL NILEIN INDUSTRIAL DEVELOPMENT BANK GROUP; a.k.a. NILEIN INDUSTRIAL DEVELOPMENT BANK (SUDAN); f.k.a. EL NILEIN BANK), P.O. Box 466/1722, United Nations Square, Khartoum, Sudan; Parliament Street, P.O. Box 466, Khartoum, Sudan; P.O. Box 6013, Abu Dhabi City, United Arab Emirates

EL NILEIN INDUSTRIAL DEVELOPMENT BANK GROUP (a.k.a. EL NILEIN INDUSTRIAL DEVELOPMENT BANK (SUDAN); a.k.a. NILEIN INDUSTRIAL DEVELOPMENT BANK (SUDAN); f.k.a. EL NILEIN BANK), P.O. Box 466/1722,

United Nations Square, Khartoum, Sudan; Parliament Street, P.O. Box 466, Khartoum, Sudan; P.O. Box 6013, Abu Dhabi City, United Arab Emirates

EL TAKA AUTOMOBILE COMPANY (a.k.a. TAKA AUTOMOBILE COMPANY), P.O. Box 221, Khartoum, Sudan

EMIRATES AND SUDAN INVESTMENT COMPANY LIMITED, P.O. Box 7036, Khartoum, Sudan; Port Sudan, Sudan

FARMERS BANK FOR INVESTMENT & RURAL DEVELOPMENT, Khartoum, Sudan

GEZIRA AUTOMOBILE COMPANY (a.k.a. EL GEZIRA AUTOMOBILE COMPANY), P.O. Box 232, Khartoum, Sudan

GEZIRA TRADE & SERVICES COMPANY LIMITED, P.O. Box 215, Khartoum, Sudan; P.O. Box 17, Port Sudan, Sudan; El Obeid, Sudan; Gedarit, Sudan; Juba, Sudan; Kosti, Sudan; Sennar, Sudan; Wad Medani, Sudan

GROUPED INDUSTRIES CORPORATION, P.O. Box 2241, Khartoum, Sudan

ICDB (a.k.a. ISLAMIC CO-OPERATIVE DEVELOPMENT BANK), P.O. Box 62, Khartoum, Sudan

INDUSTRIAL BANK COMPANY FOR TRADE & DEVELOPMENT LIMITED, Khartoum, Sudan

INDUSTRIAL BANK OF SUDAN (n.k.a. EL NILEIN INDUSTRIAL DEVELOPMENT BANK GROUP), United Nations Square, P.O. Box 1722, Khartoum, Sudan

INDUSTRIAL RESEARCH AND CONSULTANCY INSTITUTE, P.O. Box 268, Khartoum, Sudan

INGASSANA MINES HILLS CORPORATION, P.O. Box 2241, Khartoum, Sudan

ISLAMIC CO-OPERATIVE DEVELOPMENT BANK (a.k.a. ICDB), P.O. Box 62, Khartoum, Sudan

KASSALA FRUIT PROCESSING COMPANY, Khartoum, Sudan

KHARTOUM CENTRAL FOUNDRY, Khartoum, Sudan

KHARTOUM COMMERCIAL AND SHIPPING COMPANY LIMITED, Kasr Avenue, P.O. Box 221, Khartoum, Sudan

KHARTOUM TANNERY, P.O. Box 134, Khartoum South, Sudan

KHOR OMER ENGINEERING COMPANY, P.O. Box 305, Khartoum, Sudan

KORDOFAN AUTOMOBILE COMPANY, P.O. Box 97, Khartoum, Sudan

KORDOFAN COMPANY, Khartoum, Sudan

MILITARY COMMERCIAL CORPORATION, P.O. Box 221, Khartoum, Sudan

MODERN ELECTRONIC COMPANY, Khartoum, Sudan

MODERN LAUNDRY BLUE FACTORY (a.k.a. THE MODERN LAUNDRY BLUE FACTORY), P.O. Box 2241, Khartoum, Sudan

MODERN PLASTIC & CERAMICS INDUSTRIES COMPANY, Khartoum, Sudan

NATIONAL EXPORT-IMPORT BANK (n.k.a. BANK OF KHARTOUM GROUP), Sudanese Kuwait Commercial Centre, Nile Street, P.O. Box 2732, Khartoum, Sudan

NATIONAL REINSURANCE COMPANY (SUDAN) LIMITED, P.O. Box 443, Khartoum, Sudan

NILE CEMENT COMPANY LIMITED, P.O. Box 1502, Khartoum, Sudan; Factories at Rabak, St. 45-47, Khartoum Extension, Sudan

NILEIN INDUSTRIAL DEVELOPMENT BANK (SUDAN) (a.k.a. EL NILEIN INDUSTRIAL DEVELOPMENT BANK (SUDAN); a.k.a. EL NILEIN INDUSTRIAL DEVELOPMENT BANK GROUP; f.k.a. EL NILEIN BANK), P.O. Box 466/1722, United Nations Square, Khartoum, Sudan; Parliament Street, P.O. Box 466, Khartoum, Sudan; P.O. Box 6013, Abu Dhabi City, United Arab Emirates

PEOPLE'S CO-OPERATIVE BANK, P.O. Box 922, Khartoum, Sudan

PORT SUDAN REFINERY LIMITED, P.O. Box 354, Port Sudan, Sudan

PUBLIC CORPORATION FOR BUILDING AND CONSTRUCTION, P.O. Box 2110, Khartoum, Sudan

PUBLIC CORPORATION FOR IRRIGATION AND EXCAVATION, P.O. Box 619, Khartoum, Sudan; P.O. Box 123, Wad Medani, Sudan

PUBLIC ELECTRICITY AND WATER CORPORATION, P.O. Box 1380, Khartoum, Sudan

RED SEA STEVEDORING, P.O. Box 215, Khartoum, Sudan; P.O. Box 17, Port Sudan, Sudan

ROADS AND BRIDGES PUBLIC CORPORATION, P.O. Box 756, Khartoum, Sudan SACKS FACTORY, P.O. Box 2328, Khartoum, Sudan

SILOS AND STORAGE CORPORATION, P.O. Box 1183, Khartoum, Sudan

SRC (a.k.a. SUDAN RAILWAYS CORPORATION), P.O. Box 43, Bara, Sudan; Babanousa, Sudan; Khartoum, Sudan; Kosti, Sudan; Port Sudan, Sudan

SRDC (a.k.a. SUDAN RURAL DEVELOPMENT COMPANY LIMITED), P.O. Box 2190, Khartoum, Sudan

STATE CORPORATION FOR CINEMA, P.O. Box 6028, Khartoum, Sudan

STATE TRADING COMPANY (a.k.a. STATE TRADING CORPORATION), P.O. Box 211, Khartoum, Sudan

STATE TRADING CORPORATION (a.k.a. STATE TRADING COMPANY), P.O. Box 211, Khartoum, Sudan

SUDAN AIR (a.k.a. SUDAN AIRWAYS), P.O. Box 253, Khartoum, Sudan; Bahrain; Chad; Egypt; Ethiopia; Germany; Greece; Italy; Kenya; Kuwait; Nigeria; Saudi Arabia; Uganda; United Arab Emirates; England (and perhaps elsewhere in the United Kingdom); 211 East 43rd Street, New York, New York 10017, U.S.A.; 199 Atlantic Avenue, Brooklyn, New York, New York 11201-5606 U.S.A.

SUDAN AIRWAYS (a.k.a. SUDAN AIR), P.O. Box 253, Khartoum, Sudan; Bahrain; Chad; Egypt; Ethiopia; Germany; Greece; Italy; Kenya; Kuwait; Nigeria; Saudi Arabia; Uganda; United Arab Emirates; England (and perhaps elsewhere in the United Kingdom); 211 East 43rd Street, New York, New York 10017, U.S.A.; 199 Atlantic Avenue, Brooklyn, New York, New York 11201-5606 U.S.A.

SUDAN COMMERCIAL BANK, P.O. Box 1116, Al-Qasr Avenue, Khartoum, Sudan; P.O. Box 182, El Gadaref, Sudan; P.O. Box 412, El Obeid, Sudan; P.O. Box 1174, Khartoum, Sudan; P.O. Box 570, Port Sudan, Sudan [SUDAN]

SUDAN DEVELOPMENT CORPORATION, Street 21, P.O. Box 710, Khartoum, Sudan

SUDAN EXHIBITION AND FAIRS CORPORATION, P.O. Box 2366, Khartoum, Sudan

SUDAN OIL SEEDS COMPANY LIMITED, P.O. Box 167, Khartoum, Sudan; Nyala, Sudan; Obied, Sudan; Port Sudan, Sudan; Tandalty, Sudan

SUDAN RAILWAYS CORPORATION (a.k.a. SRC), P.O. Box 43, Bara, Sudan; Babanousa, Sudan; Khartoum, Sudan; Kosti, Sudan; Port Sudan, Sudan

SUDAN RURAL DEVELOPMENT COMPANY LIMITED (a.k.a. SRDC), P.O. Box 2190, Khartoum, Sudan

SUDAN WAREHOUSING COMPANY, P.O. Box 215, Khartoum, Sudan; P.O. Box 17, Port Sudan, Sudan; El Obeid, Sudan; Gedarit, Sudan; Juba, Sudan; Kosti, Sudan; Sennar, Sudan; Wad Medani, Sudan

SUDANESE COMPANY FOR BUILDING AND CONSTRUCTION LIMITED, P.O. Box 2110, Khartoum, Sudan

SUDANESE ESTATES BANK, Al-Baladiya Avenue, P.O. Box 309, Khartoum, Sudan

SUDANESE REAL ESTATE SERVICES COMPANY, Khartoum, Sudan

SUDANESE SAVINGS BANK, P.O. Box 159, Wad Medani, Sudan

TAHEER PERFUMERY CORPORATION, EL, P.O. Box 2241, Khartoum, Sudan

TAHREER PERFUMERY CORPORATION, EL, Omdurman, Sudan

TAKA AUTOMOBILE COMPANY (a.k.a. EL TAKA AUTOMOBILE COMPANY), P.O. Box 221, Khartoum, Sudan

TEA PACKETING AND TRADING COMPANY, P.O. Box 369, Khartoum, Sudan

THE MODERN LAUNDRY BLUE FACTORY (a.k.a. MODERN LAUNDRY BLUE FACTORY), P.O. Box 2241, Khartoum, Sudan

UNITY BANK (now part of BANK OF KHARTOUM GROUP), Bariman Ave., P.O. Box 408, Khartoum, Sudan

WAFRA CHEMICALS & TECHNO-MEDICAL SERVICES LIMITED, Khartoum, Sudan

WHITE NILE BATTERY COMPANY, Khartoum, Sudan

An account has been licensed in Washington DC to permit the Embassy of Sudan to carry out its official diplomatic functions in the United States and an account has been licensed in New York to permit the Permanent Mission of the Government of Sudan to the United Nations to carry out its official functions before the UN. The Embassy may use its licensed Washington account to make payments for stipends and scholarships covering tuition and related educational, living and travel expenses provided by the Government of Sudan to Sudanese nationals who are enrolled as students in an accredited educational institution in the United States and receipt of those stipends and scholarships is authorized. Apart from that, banks located in the United States and U.S. banks located offshore are alerted that they must reject transfers from the Washington account of the Sudanese Embassy or the New York account of Sudan's UN Mission in the form of gifts or charitable contributions, unless a bank

knows or has reasonable cause to believe that a particular transaction poses a risk of furthering terrorism in the United States, in which case such funds must be blocked, even though they would be coming out of a "licensed" account. As under the Terrorism List Governments Sanctions Regulations, 31 C.F.R. Part 596, U.S. persons are prohibited from receiving donations from either the Embassy or the Mission or engaging in financial transactions with them with respect to which the U.S. person knows or has reasonable cause to believe that the financial transaction poses a risk of furthering terrorist acts in the United States.]

"OFFICE OF FOREIGN ASSETS CONTROL

SUDANESE SANCTIONS REGULATIONS

General Notice No. 1 — 30 Day Delayed Effective Date for Pre-November 4, 1997 Trade Contracts Involving Sudan:

(a) *Pre-existing trade contracts.* Trade transactions required under a contract entered into prior to November 4, 1997 (a "pre-existing trade contract"), otherwise prohibited by Section 2 of Executive Order 13067, including the importation of goods or services of Sudanese origin or the exportation of goods, services, or technology that was authorized under applicable Federal regulations in force immediately prior to November 4, 1997, are authorized without specific licensing by the Office of Foreign Assets Control ("OFAC") as follows:

(1) If the pre-existing trade contract is for:

(A) the exportation of goods, services, or technology from the United States or a third country that was authorized under applicable Federal regulations in force immediately prior to November 4, 1997, or

(B) the reexportation of goods or technology that was authorized under applicable Federal regulations in force immediately prior to November 4, 1997,

such exports or reexports are authorized until 12:01 a.m. EST, December 4, 1997, and non-financing activity by U.S. persons incidental to the performance of the pre-existing trade contract (such as the provision of transportation or insurance) is authorized through 12:01 a.m. EST, February 2, 1998; or

(2) If the pre-existing trade contract is for the importation of goods or services of Sudanese origin or other trade transactions relating to goods or services of Sudanese origin or owned or controlled by the Government of Sudan, importations under the pre-existing trade contract are authorized until 12:01 a.m. EST, December 4, 1997.

(3) For purposes of this section, goods are considered to be exported upon final loading aboard the exporting conveyance in the country of export. Goods are considered to be imported upon arrival in the jurisdiction of the country of importation.

(b)(1) *Financing for pre-existing trade contracts.* In general, no financing services prohibited by Executive Order 13067 may be performed after 12:01 a.m. EST, November 4, 1997. However, letters of credit and other financing agreements with respect to the trade transactions authorized in section (a) of this General Notice may be performed according to their terms, and may be extended or renewed, except that:

(A) any payment required to be made to the Government of Sudan or any person blocked pursuant to Executive Order 13067 or otherwise, including payments authorized with respect to trade transactions described in section (a) of this General Notice, must be made into a blocked account in the United States, and

(B) no payment may be made from a blocked account unless authorized by a specific license issued by OFAC.

(2) Specific licenses may be issued by OFAC on a case-by-case basis to permit a U.S. bank to debit a blocked account of the Government of Sudan for funds held as collateral under an irrevocable letter of credit issued or confirmed by it, or a letter of credit reimbursement confirmed by it, for goods, services or technology exported, or goods or technology reexported, prior to 12:01 a.m. EST, December 4, 1997, directly or indirectly to Sudan, or to third countries for an entity operated from Sudan, or for the benefit of the Government of Sudan. The application for a license must:

(A) present evidence satisfactory to OFAC that the exportation or reexportation occurred prior to 12:01 a.m. EST, December 4, 1997, and

(B) include an explanation of the facts and circumstances surrounding the entry and execution of the export or reexport transaction, including the names and addresses of all Sudanese participants in the transaction and all Sudanese persons having an ownership interest in the beneficiary of the letter of credit.

(c) *Blocked Government of Sudan accounts; operation of accounts for private Sudanese persons.* Nothing in this General Notice permits debits to a blocked account of the Government of Sudan absent the issuance of a specific license by OFAC. The operation of an account of the Government of Sudan in a financial institution does not constitute a "trade transaction" for purposes of Section 7 of Executive Order 13067. The operation of an account in a financial institution for a private Sudanese person does not constitute the exportation of a service to Sudan; however, such operation may not include the execution of transactions in support of an industrial, commercial, public utility, or governmental project in Sudan or the facilitation of exportation or reexportation transactions prohibited by Section 2(c) or (d) of Executive Order 13067.

(d) *Existence of contract.* The existence of a contract will be determined with reference to the principles contained in Article 2 of the Uniform Commercial Code.

(e) *Reporting requirement.* Although a specific license from OFAC is not required for any transaction authorized in section (a) of this General Notice, any U.S. person engaging in a transaction described in that section is required to report such transaction immediately to OFAC and provide a description of the underlying trade contract. Such reports should be directed to the Office of Foreign Assets Control, Attn: Compliance Division/Sudan Contracts, 1500 Pennsylvania Avenue, NW., Annex -2nd Floor, Washington, D.C. 20220. Such reports may be made by FAX to 202/622-1657.

(f) *Operating policies; facilitation.* No U.S. person may change its policies or operating procedures in order to enable a foreign entity owned or controlled by U.S. persons to enter into a transaction that could not be entered into directly by a U.S. person pursuant to Executive Order 13067.

(g) *Licensing and reporting provisions.* For provisions relating to applications to OFAC for specific licenses and reporting requirements, see 31 CFR 501.606 and 501.808 (62 *Federal Register* 45098, 45104-05, August 25, 1997).

Issued: December 2, 1997

Signed: R. Richard Newcomb, Director - Office of Foreign Assets Control"

VII. Reporting and Procedures

Reporting and Procedures Regulations (31 C.F.R. Part 501)

OFAC now has a uniform requirement across all of its sanctions programs that records be maintained for five years.

Reports have also been standardized:

Reports on Blockings and Reject Items - Blocking reports must be filed within 10 days of blocking. They preferably should be teletransmitted to OFAC's Compliance Programs Division at 202/622-2426 and must identify:

the owner or account party, the property, the property's location, any existing or new account number or similar reference necessary to identify the property, actual or estimated value, the date it was blocked, a photocopy of the payment or transfer instructions (if the blocking involves a payment or transfer of funds), a confirmation that the payment has been deposited into a new or existing blocked account which is clearly labeled as such and is established in the name of, or contains a means of clearly identifying the interest of, the individual or entity subject to blocking, the name and address of the holder, and the name and telephone number of a contact person from whom compliance information can be obtained. Reports on reject items also must be filed within 10 days and include: the name and address of the transferee financial institution, the date and amount of the transfer, a photocopy of the payment or transfer instructions received, the basis for rejection, and the name and telephone number of a contact person at the transferee financial institution from whom compliance information can be obtained.

Annual reports on Blocked Property - OFAC requires the filing of a comprehensive annual report on blocked property held as of June 30 by September 30 each year. The report is to be filed using Form TDF 90-22.50 which is available from OFAC's fax-on-demand service or electronically by clicking on the GPO ACCESS button on OFAC's Home Page or going directly to The Federal Bulletin Board and accessing OFAC's extended electronic information reading room, the FAC_MISC file library. Requests to submit the information in an alternative format or for an extension of the reporting deadline are invited and will be considered on a case-by-case basis by OFAC.

Reports on litigation, arbitration and dispute resolution proceedings

- U.S. persons involved in litigation, arbitration, or other binding alternative dispute resolution proceedings regarding blocked property must: provide notice of such proceedings to OFAC Chief Counsel, submit copies of all documents associated with such proceedings within 10 days of their filing to OFAC Chief Counsel at U.S. Treasury Department, 1500 Pennsylvania Ave., NW - 3123 Annex, Washington, DC 20220, and fax information about the scheduling of any hearing or status conference to OFAC Chief Counsel at 202/622-1911.

Licensing requests - In order for OFAC to consider applications requesting the release of funds which have been blocked at a U.S. financial institution, the following information should be provided: the amount of the payment, the date of the payment, the name and address of the remitter, the name of the remitting bank and any intermediary banks, the name of the U.S. bank which blocked the funds, the name of the beneficiary bank, the name and address of the beneficiary, a copy of the original transfer instructions given to the remitting bank by its customer, a complete description of the underlying transaction, including copies of documents (invoices, bills of lading, etc.), the nature of the applicant's interest in the funds, and a statement of the reasons why the applicant believes the funds should be unblocked. The application must also include the name, address, telephone number, and (if available) fax number of the party seeking the release of the funds. For individuals, if U.S., inclusion of a social security number is recommended but not required. For corporations or other entities, the application should include a principal place of business, the state of incorporation or organization, and, if U.S., a taxpayer identification number. English translations are required for any foreign language documents. Except for cases involving funds believed to have been blocked due to mistaken identity, faxed applications are not recommended; applications should be sent in hard-copy to OFAC's Licensing Division.

ANNUAL REPORT OF BLOCKED PROPERTY

TD F 90-22.50

Office of Foreign Assets Control
Department of the Treasury
Washington, D.C. 20220

The Office of Foreign Assets Control (OFAC) requires an annual report of all property blocked or funds retained under OFAC Regulations found in Title 31 of the Code of Federal Regulations, Parts 500 through 599. This information is needed by the United States Government for planning purposes and to verify compliance with OFAC Regulations. The report is to be submitted annually by September 30 to the Compliance Programs Division, OFAC, Department of the Treasury, Washington, D.C. 20220.

General Instructions

Any person holding property blocked or funds retained under OFAC Regulations is required to submit a report on this form concerning such property. Reports filed in accordance with OFAC Regulations are regarded as containing commercial and financial information which is privileged and confidential. Requests to submit reports in alternative formats will be considered on a case-by-case basis. For additional copies of the form, as well as other information of interest to holders of blocked property, call OFAC's fax-on-demand service at (202) 622-0077.

Part A - U.S. Person Holding Property.

State reporter's corporate name and address and the name and telephone number of an individual corporate official to contact regarding this report.

Name: _____

Address: _____

Individual to contact regarding this report:

(name) (title) (telephone number)

Total number of accounts or items reported on Part B: _____

Complete the certification where applicable. The report is not valid without the certification.

I, _____, certify that I am the _____
(name) (title)

of the _____, that I am authorized to make this
(corporate name)

certification, and that, to the best of my knowledge and belief, the statements set forth in this report, including any papers attached hereto or filed herewith, are true and accurate, and that all material facts in connection with said report have been set forth herein.

(signature) (date)

PAPERWORK REDUCTION ACT STATEMENT: The paperwork requirement has been cleared under the Paperwork Reduction Act of 1980. The Office of Foreign Assets Control of the Department of the Treasury requires this information be furnished pursuant to 50 U.S.C. 1701, and CFR Parts 500 to 600. The information collected will be used for U.S. Government planning purposes and to verify compliance with OFAC Regulations. The information will be held confidential. The estimated burden associated with this collection of information is 4 hours per respondent or record keeper. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Compliance Programs Division, Office of Foreign Assets Control, Department of the Treasury, Washington, D.C. 20220 and the Office of Management and Budget, Paperwork Reduction Project (1505-0164), Washington, D.C. 20503. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

Part B - Property Reported

Identify each account or item of property separately in the spaces provided below. Use additional photocopies of Part B as needed. Use supplemental attachments if the space provided is inadequate. Be sure to indicate the number of accounts or items reported on Part B in the appropriate space on Part A.

Owner.	Identify the owner of the property.
Description.	Provide a brief but comprehensive description of the property. <div> <div> </div> <div> </div> </div>
Value.	Provide the value (or an estimate) of the property as of June 30. <div> <div> </div> <div> </div> </div>
Location.	List the location or branch where the property is held, if different than the address shown in Part A.
Regulations.	Identify the Part of Title 31 of the Code of Federal Regulations under which this property is blocked.

[illegible]

PROGRAM	BLOCKING TARGETS	TRADE RESTRICTIONS
Cuba	<ul style="list-style-type: none"> * Cuban nationals, wherever located. * Persons and entities located in Cuba. * Government of Cuba. * Specially Designated Nationals of Cuba. 	<ul style="list-style-type: none"> - No exports of goods or services to Cuba. - No imports of goods or services from Cuba. - No dealing in Cuban origin goods. - No brokering of Cuban trade contracts. - Informational materials exempted from export and import prohibitions. - Food donations to non-governmental orgs. exempted from export prohibitions. - Gift parcels exempted from export prohibitions; for-profit orgs. licensed by U.S. Commerce may consolidate & ship multiple gift parcels. - Humanitarian exports licensed by U.S. Commerce .
North Korea	<ul style="list-style-type: none"> * North Korean nationals, wherever located. * Persons and entities located in North Korea. * Government of North Korea. * Specially Designated Nationals of North Korea. 	<ul style="list-style-type: none"> - No exports of goods or services to North Korea. - No imports of goods or services from North Korea. - No dealing in North Korean origin goods. - No brokering of North Korean trade contracts. - Gift parcels exempted from export prohibitions; for-profit orgs. licensed by U.S. Commerce may consolidate & send multiple gift parcels. - Informational materials exempted from export and import prohibitions. - Humanitarian exports licensed by U.S. Commerce - Exports in support of light-water reactor power plants licensed by OFAC.
Libya	<ul style="list-style-type: none"> * Government of Libya. * Specially Designated Nationals of Libya. 	<ul style="list-style-type: none"> - No exports of goods or services to Libya. - No imports of goods or services from Libya. - No brokering of Libyan trade contracts. - Publications exempted from import and export prohibitions. - Donated humanitarian goods exempted from export prohibitions.
Iraq	<ul style="list-style-type: none"> * Government of Iraq. * Specially Designated Nationals of Iraq. 	<ul style="list-style-type: none"> - No exports of goods or services to Iraq. - No imports of goods or services from Iraq. - No dealing in Iraqi origin goods. - No brokering of Iraqi trade contracts. - Humanitarian exports licensed by OFAC.
Yugoslavia	Though sanctions have been suspended against Serbia, Montenegro and Serb-Controlled Bosnia, Serbian and Montenegrin assets blocked prior to December 27, 1995, remain blocked, as do Bosnian-Serb assets blocked prior to May 10, 1996.	
Iran	No blocking provisions.	<ul style="list-style-type: none"> - No exports of goods or services to Iran. - No imports of goods or services from Iran. - No dealing in Iranian origin goods. - Informational materials exempted from export and import prohibitions.
Angola (UNITA)	No blocking provisions.	- No exports of arms and related material and petroleum and petroleum products to the territory of Angola other than through certain designated points of entry.
Syria	Banks must retain transfers identified as being terrorism.	<ul style="list-style-type: none"> - No receipt of unlicensed donations from govt. by U.S. persons. - No financial transaction with govt. in which U.S. person knows or has reasonable cause to believe there is risk of furthering terrorist acts in U.S.
Terrorism	* Specially Designated Terrorists.	- No dealings in support of Specially Designated Terrorists.
Narcotics	* Specially Designated Narcotics Traffickers.	- No dealings in support of Specially Designated Narcotics Traffickers.
Sudan	<ul style="list-style-type: none"> * Government of Sudan. * Specially Designated Nationals of Sudan. 	<ul style="list-style-type: none"> - No exports of goods or services to Sudan. - No imports of goods or services from Sudan. - No brokering of Sudanese trade contracts. - Publications exempted from import and export prohibitions. - Donated humanitarian goods exempted from export prohibitions.
Burma (Myanmar)	* No blocking provisions.	<ul style="list-style-type: none"> - No new investments - Most trade in goods, services and technology is exempt